HOUSE OF REPRESENTATIVES

MONDAY, JUNE 13, 1960

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. MCCORMACK.

DESIGNATION OF SPEAKER PRO TEMPORE FOR TODAY

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

THE SPEAKER'S ROOMS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., June 13, 1960.

I hereby designate the Honorable JOHN W. MCCORMACK to act as Speaker pro tempore today.

SAM RAYBURN,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalms 29: 11: *The Lord will give strength and will bless His people with peace.*

Eternal and ever-blessed God, in these times of world crises, may we have for our consolation and confidence a clear vision of the dawning of a new and better day when the great ideals of righteousness and justice, of love and peace, shall be gloriously fulfilled.

May our President, our Speaker, and all the Members of Congress be men and women of deep moral insight and lofty spiritual intuitions, inspiring them to seek eagerly to know and do Thy will.

Grant that they may speak to our distressed and broken-hearted humanity with the accents of faith and fortitude and help create a more favorable atmosphere in which the nobler spirit of man shall grow and blossom into strength and beauty of character.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, June 10, 1960, was read and approved.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On June 8, 1960:

H.R. 276. An act to amend section 3011 of title 38, United States Code, to establish a new effective date for payment of additional compensation for dependents;

H.R. 641. An act to amend title 38, United States Code, to make uniform the marriage date requirements for service-connected death benefits;

H.R. 1402. An act for the relief of Leandro Pastor, Jr., and Pedro Pastor;

H.R. 1463. An act for the relief of Johan Karel Christoph Schlichter;

H.R. 1519. An act for the relief of the legal guardian of Edward Peter Callas, a minor;

H.R. 3107. An act for the relief of Richard L. Nuth;

H.R. 3253. An act for the relief of Ida Magyar;

H.R. 3827. An act for the relief of Jan P. Wilczynski;

H.R. 4763. An act for the relief of Josette A. M. Stanton;

H.R. 7036. An act for the relief of William J. Barbiero;

H.R. 7502. An act to revise the determination of basic pay of certain deceased veterans in computing dependency and indemnity compensation payable by the Veterans' Administration;

H.R. 8217. An act for the relief of Orville J. Henke;

H.R. 8238. An act to authorize and direct the Surgeon General of the Public Health Service to make a study and report to Congress, from the standpoint of the public health, of the discharge of substances into the atmosphere from the exhausts of motor vehicles;

H.R. 8798. An act for the relief of Romeo Gasparini;

H.R. 8806. An act for the relief of the Philadelphia General Hospital;

H.R. 9470. An act for the relief of E. W. Cornett, Sr., and E. W. Cornett, Jr.;

H.R. 9752. An act for the relief of K. J. McIver;

H.R. 9785. An act to provide for equitable adjustment of the insurance status of certain members of the Armed Forces;

H.R. 9788. An act to amend section 3104 of title 38, United States Code, to prohibit the furnishing of benefits under laws administered by the Veterans' Administration to any child on account of the death of more than one parent in the same parental line;

H.R. 9983. An act to extend for 2 years the period for which payments in lieu of taxes may be made with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments;

H.R. 10703. An act to grant a waiver of national service life insurance premiums to certain veterans who became totally disabled in line of duty between the date of application and the effective date of their insurance;

H.R. 10777. An act to authorize certain construction at military installations, and for other purposes;

H.R. 10898. An act to amend section 315 of title 38, United States Code, to provide additional compensation for seriously disabled veterans having four or more children;

H.R. 10947. An act for the relief of Aladar Szoboszlay;

H.R. 11190. An act for the relief of Cora V. March; and

H.R. 11405. An act to provide for the treatment of income from discharge of indebtedness of a railroad corporation in a receivership proceeding or in a proceeding under section 77 of the Bankruptcy Act commenced before January 1, 1960, and for other purposes.

On June 10, 1960:

H.R. 113. An act to prohibit the severance of service connection which has been in effect for 10 or more years, except under certain limited conditions.

On June 11, 1960:

H.R. 471. An act to amend chapter 561 of title 10, United States Code, to provide that the Secretary of the Navy shall have the same authority to remit indebtedness of enlisted members upon discharge as the Secretaries of the Army and the Air Force have;

H.R. 1653. An act for the relief of Evelyn Albi;

H.R. 2588. An act for the relief of Buck Yuen Sah;

H.R. 4549. An act for the relief of Jacob Naggar;

H.R. 4834. An act for the relief of Giuseppe Antonio Turchi;

H.R. 5880. An act for the relief of Nels Lund;

H.R. 6121. An act for the relief of Placid J. Pecoraro, Gabrielle Pecoraro, and their minor child, Joseph Pecoraro;

H.R. 6830. An act to provide for uniformity of application of certain postal requirements with respect to disclosure of the average number of copies of publications sold or distributed to paid subscribers and for other purposes;

H.R. 7681. An act to enact the provisions of Reorganization Plan No. 1 of 1959 with certain amendments;

H.R. 8024. An act to amend the act of May 9, 1876, to permit certain streets in San Francisco, Calif., within the area known as the San Francisco Palace of Fine Arts, to be used for park and other purposes;

H.R. 8713. An act to authorize the Secretary of the Navy to convey certain real estate to the Oxnard Harbor District, Port Hueneme, Calif., and for other purposes;

H.R. 9106. An act for the relief of John E. Simpson;

H.R. 9170. An act for the relief of John J. Finn, Jr.;

H.R. 9249. An act for the relief of Marlene A. Grant;

H.R. 9442. An act for the relief of Charles Bradford LaRue;

H.R. 9563. An act for the relief of Josef Enzinger;

H.R. 10996. An act to authorize the use of certified mail for the transmission or service of matter required by certain Federal laws to be transmitted or served by registered mail, and for other purposes; and

H.J. Res. 208. Joint Resolution providing for participation by the United States in the West Virginia centennial celebration to be held in 1963 at various locations in the State of West Virginia, and for other purposes.

On June 12, 1960:

H.R. 5421. An act to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status, and for other purposes; and

H.R. 12063. An act to authorize the Commissioners of the District of Columbia to plan, construct, operate, and maintain a sanitary sewer to connect the Dulles International Airport with the District of Columbia system.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5789. An act to incorporate the Agricultural Hall of Fame.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1957. An act to encourage the discovery, development, and production of domestic tin;

S. 2759. An act to strengthen the wheat marketing quota and price support program; and

S. 3545. An act to amend section 4 of the act of January 21, 1929 (48 U.S.C. 354a (c)), and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1185. An act to provide for the preservation of historical and archeological data (including relics and specimens) which might otherwise be lost as the result of the construction of a dam; and

S. 1358. An act to authorize the Secretary of the Interior to provide a headquarters site for Mount Rainier National Park in the general vicinity of Ashford, Wash., and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4049) entitled "An act to amend the Federal Aviation Act of 1958 in order to authorize free or reduced-rate transportation for certain additional persons," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MONRONEY, Mr. ENGLE, Mr. BARTLETT, Mr. SCHOEPPEL, and Mr. MORTON to be the conferees on the part of the Senate.

REPORT OF COMMITTEE

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight, June 13, to file a report, which would, of course, include minority and any individual and supplemental views on H.R. 12580, a bill to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

OVERALL LIMITATION ON FOREIGN TAX CREDIT

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10087) to amend the Internal Revenue Code of 1954 to permit taxpayers to elect an overall limitation on the foreign tax credit, together with Senate amendments thereto, disagree to the amendments of the Senate, and request a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none, and without objection appoints the following conferees: Messrs. MILLS, FORAND, KING of California, MASON, and BYRNES of Wisconsin.

There was no objection.

PRESIDENT REQUESTS RESTORATION OF MILITARY ASSISTANCE AND DEFENSE SUPPORT FUNDS

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, on many occasions the President has pointed out the importance of our mutual security program as a vital part of our national defense. Before leaving for his trip to the Far East he communicated with me, through his office by telephone and by wire, expressing his very great concern about the reductions made by the subcommittee of the Committee on Appropriations in the military assistance and defense support phase of this program.

As a member of the Committee on Armed Services, I am keenly aware of how important military assistance and defense support to our allies is toward our being able to deter war and to preserve freedom. Without this program we would be obliged to spend many billions of dollars, in addition to the billions we are already spending, for the maintenance of a larger Defense Establishment here at home.

As the President stated in his wire to me: "For our own security and for the common defense of the free world I most earnestly request your cooperation in restoring these funds."

Never in the history of international politics has a head of state shown greater forbearance than our own President in the face of calculated insult.

Allied capability to resist Russian pressures is not dependent upon their own military and economic strength. They do not have that strength themselves. We must complement with our own. Allied strength is a strategic projection of our own.

In this moment of international crisis, when the Soviet effort is directed toward destruction of the alliance of free nations, it is imperative that Congress stand resolutely behind our President in demonstrating our national solidarity and our determined faithfulness to our allies who are faithful to us.

Full support of the President's request for the funds necessary for needed military assistance will demonstrate the firmness with which we and our allies stand together against any and all threats, and devious maneuvers of the entire Communist apparatus.

It is obvious from what took place at the summit and what has been taking place in Tokyo that the evil forces of Communist aggression seek to divide and conquer those of us who love freedom more than life itself.

Mr. Speaker, the President, the Secretary of State, the Secretary of Defense, and the Joint Chiefs of Staff urge us to provide the funds requested in the mutual security program for military assistance and defense support.

This is not simply a question of international diplomacy. This is a question of our own safety. We are dealing here with a fundamental part of our own defense. For this reason I take this time to urge the Committee on Appropriations to provide the funds to carry out this defense program.

FOREIGN AID

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, apropos of the remarks of the gentleman from Illinois [Mr. ARENDS] I hope that the President of the United States took along with him on his trip to Japan, when he had some leisure time to read, parts 1 and 2 of the hearings of the Subcommittee on Appropriations handling the foreign handout bill. If he spent some time reading these hearings he would note that the extravagance and waste justifies more than the $800 million cut in the foreign handout program that I hope the Appropriations Committee will make; in fact, I hope it will cut it more than a billion dollars.

Mr. HAYS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HAYS. Mr. Speaker, I was a little surprised to hear the speech just made by the gentleman from Illinois [Mr. ARENDS]. I do not know exactly just where he got his facts from, but I wonder if he is aware of the fact that considerably more than half the amount of money that the Committee on Appropriations threatens to cut is destined to a country in which mobs overthrew the government and mobs in the streets are running the country. There is no established government there. Yet he says we should continue to give money to a country like that. The chances are that if we would give them the money it will be used as the money we gave to Cuba was used, to set up a Communist government which in turn will be used against us.

I have supported this program for a long time, and I am going to support it on the basis of a little common sense because I have heard for a number of years the President's statement that if we cut the program it would cripple it. Yet we have cut the program each year, and it has continued to go on with a good deal of waste.

THE HONORABLE GORDON CANFIELD

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include a citation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. AUCHINCLOSS. Mr. Speaker, whenever a Member of Congress is honored by receiving recognition from an institution of learning, I feel that we all share in such an honor and so it is with great pride that I announce to our Members that our colleague, GORDON CANFIELD, has received such recognition from the Paterson State College which has conferred on him the honorary degree of doctor of letters. The thought which prompted such an action is adequately expressed in the citation which accompanied the award and it reads as follows:

GORDON CANFIELD

Representative GORDON CANFIELD, honored as he already has been by his congressional colleagues, his party, his constituents, and by many other groups, stands as a symbol of excellence. In the comments of all those who have praised him, there is singular agreement concerning the high quality of his service to Nation, State, district, and constituents. In his longe career in the Congress of the United States, he has come to personify the ideal public servant.

His record of voting and acting on principle, the vigor with which he has fought for all the things in which he believes, his willingness to spend unlimited time and energy in the interests of those whom he has served, the courtesy and grace with which he has listened to all who have sought his ear—these have lifted him, stanch partisan though he has been, so far above the level of partisan politics that he has been hailed widely as an unbeatable champion. And a true champion he is, a champion of the people, defender of their interests, a servant of their needs.

It is peculiarly fitting that an institution concerned primarily with preparing young people for public service should honor Representative CANFIELD. His high principles, his dedication to the ideal of service, his sound judgment, his capacity for hard work, his interest in people, his compassion—these and other fine qualities to be found in his record, his character, his personality, make him a perfect model for all who would serve the people by teaching. In honoring GORDON CANFIELD, Paterson State College brings honor to itself and to the teaching profession as a whole.

MARION E. SHEA,
President of the College.

WAYNE, N.J., *June 8, 1960.*

SUBCOMMITTEE ON COMMUNICATIONS AND POWER OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Communications and Power of the Committee on Interstate and Foreign Commerce have permission to sit during general debate today.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

TITLE 28, "JUDICIARY AND JUDICIAL PROCEDURE"—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 415)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States.

To the House of Representatives:

I return herewith, without my approval, H.R. 7577, "To amend title 28, entitled 'Judiciary and Judicial Procedure,' of the United States Code to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment, and for other purposes."

As originally introduced, this legislation provided that when a Government driver is sued in a State court on a claim resulting from his operation of a motor vehicle while acting within the scope of his employment, such action should be removed to the appropriate United States district court. There it would become an action against the United States under the Federal Tort Claims Act and be the plaintiff's exclusive judicial remedy. Government drivers would thus cease to be defendants and would be relieved of personal liability in such cases. These are desirable objectives.

The bill was amended, however, to require the consent of the plaintiff before any such action could be removed to a Federal court. This amendment is unfortunate, for any plaintiff, by refusing to give his consent, could prevent the conversion of the action to one under the Federal Tort Claims Act and thus thwart the sound purposes of the original bill. The amendment also makes the bill inconsistent internally and could give rise to needless litigation.

Although unwilling, therefore, to approve this bill, I would gladly sign new legislation corresponding to H.R. 7577 as first passed by the House of Representatives.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 11, 1960.*

The SPEAKER pro tempore. The objections of the President will be spread at large upon the Journal and, without objection, the bill and message will be referred to the Committee on the Judiciary and ordered to be printed.

There was no objection.

OUR LADY OF THE LAKE CHURCH—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 414)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H.R. 5150, "For the relief of Our Lady of the Lake Church."

The bill would direct a refund to Our Lady of the Lake Church, Mandeville, La., of $1,284.17 in customs duties assessed on organ boarding imported from Germany. In support of the refund, it is asserted that the organ boarding was denied free entry despite its hand-carved panels which constitute original sculptures of the type granted duty-free status under applicable law.

The entry free of duty of certain sculptures is permitted, but an express provision of the applicable law excludes any articles of utility. The Bureau of Customs has determined that the organ boarding in question is an article of utility within the meaning of the statute, and therefore does not meet the requirements for free entry.

The record contains no reason for granting special legislative relief in this case other than the belief that the law has been misinterpreted. Special legislation is not needed, however, in cases where the law may have been misinterpreted. General law provides procedures by which importers may challenge administratively and in the courts, the Bureau of Customs' interpretations of the laws relating to importation. The church did not avail itself of these procedures.

The bill would, therefore, discriminate in favor of a single importer who did not take advantage of the available remedies. Such a result would be unfair to other importers and would create an unwise and unsound precedent.

In view of the foregoing, I am constrained to withhold my approval of H.R. 5150.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 11, 1960.*

The SPEAKER pro tempore. The objections of the President will be spread at large upon the Journal and, without objection, the bill and message will be referred to the Committee on the Judiciary and ordered to be printed.

There was no objection.

GRAND LODGE OF NORTH DAKOTA, ANCIENT FREE AND ACCEPTED MASONS—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 416)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H.R. 8417, "For the relief of Grand Lodge of North Dakota, Ancient, Free, and Accepted Masons."

The bill would direct a refund to the Grand Lodge of North Dakota, Ancient, Free, and Accepted Masons, of $1,155.26 in customs duties assessed on Masonic jewels, consisting of insignia and emblems composed of metal and other material, imported from Canada. In support of the refund, it is asserted that such jewels should have been granted duty-free status under applicable law.

The entry free of duty of regalia and gems is permitted for the use of a society incorporated or established solely for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of the fine arts. The Bureau of Customs has determined, however, that fraternal organizations, such as the Grand Lodge of North Dakota, do not meet the requirements for free entry.

No reason has been advanced for granting special legislative relief in this case other than the belief that the law has been misinterpreted. If the law

has been misinterpreted, however, there is no need for a special bill. General law provides procedures by which importers may challenge, administratively and in the courts, the Bureau of Customs' interpretations of the law relating to importation. The Grand Lodge has not yet availed itself of these procedures, but it still has the opportunity to do so.

The bill would, therefore, discriminate in favor of a single importer who has not taken advantage of the available remedies. Such a result would be unfair to other importers and would create an unwise and unsound precedent.

Although the enrolled bill would provide for a refund of $1,155.26, the Treasury Department has previously advised the Congress that the amount of duties due upon final liquidation of this entry will be only $375.34, and that the difference between this figure and the amount deposited at the time of entry by the Grand Lodge will be refunded administratively in any event.

In view of the foregoing, I am constrained to withhold my approval from the bill.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 11, 1960.*

The SPEAKER pro tempore. The objections of the President will be spread at large upon the Journal and, without objection, the bill and message will be referred to the Committee on the Judiciary and ordered to be printed.

There was no objection.

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER pro tempore. This is District of Columbia day. The Chair recognizes the gentleman from South Carolina [Mr. MCMILLAN], chairman of the Committee on the District of Columbia.

OVERPAYMENT AND REFUNDS OF TAXES ERRONEOUSLY COLLECTED

Mr. MCMILLAN. Mr. Speaker, I call up the bill (H.R. 10000) to amend further certain provisions of the District of Columbia tax laws relating to overpayments and refunds of taxes erroneously collected, with Senate amendments thereto, and ask unanimous consent that the Senate amendments be concurred in.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 16, strike out "founded," and insert "founded".

Page 2, line 17, strike out "assessor" in both instances and insert "Assessor".

Page 2, line 18, strike out "refund" and insert "refund,".

Page 2, line 24, strike out "Board" and insert "Board,".

Page 3, line 3, strike out "amended" and insert "amended;".

Page 3, line 7, strike out "law" and insert "law;".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

REPRESENTATION OF INDIGENTS IN JUDICIAL PROCEEDINGS

Mr. MCMILLAN. Mr. Speaker, I call up the bill (H.R. 10761) to provide for the representation of indigents in judicial proceedings in the District of Columbia, with Senate amendments thereto, and ask unanimous consent that the Senate amendments be concurred in.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, strike out "of 1959".

Page 1, line 9, strike out "accept assignments" and insert "make attorneys available".

Page 2, line 3, strike out "municipal court of" and insert "Municipal Court for".

Page 2, line 6, strike out "for" and insert "of".

Page 2, lines 7 and 8, strike out "Mental Health Commission" and insert "Commission on Mental Health".

Page 2, line 25, strike out "fee" and insert "fee; except that the aforesaid sworn statement in writing shall not be required of patients in proceedings before the Commission on Mental Health of the District of Columbia and proceedings in courts arising therefrom."

Page 3, line 19, strike out "of" where it appears the second time and insert "for".

Page 3, line 22, strike out "of" where it appears the first time and insert "for".

Page 4, line 1, strike out "Chief Judge of the Juvenile Court" and insert "Judge of the juvenile court".

Page 4, line 4, after "Appeals" insert "for the District of Columbia".

Page 4, lines 16 and 17, after "prescribe." insert "The Director shall be a member of the bar of, and qualified to practice law in, the District of Columbia."

Page 5, line 16, after "employment." insert "Service of individual as a volunteer attorney pursuant to this section shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes, nor shall any person serving as a volunteer attorney be considered, by reason of such service, an employee of the government of the District of Columbia for any purpose."

Page 6, line 3, after "Appeals" insert "for the District of Columbia".

Page 6, line 8, strike out "auditor" and insert" accountant".

Page 6, line 16, strike out all after "SEC. 11." down to and including "Act" in line 19 and insert "For the purpose of carrying out the provisions of this Act, there is authorized to be appropriated for each fiscal year, out of any moneys in the Treasury to the credit of the District of Columbia, such sums as may be necessary; except that not to exceed $75,000 shall be appropriated for the fiscal year beginning July 1, 1960".

Page 7, line 1, strike out all after "Columbia" down to and including "Agency" in line 4.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

AMENDMENT OF FIRE AND CASUALTY ACT

Mr. MCMILLAN. Mr. Speaker, I call up the bill (H.R. 10183) to amend the Fire and Casualty Act regulating the business of fire, marine, and casualty insurance in the District of Columbia, with a Senate amendment thereto, and ask unanimous consent that the Senate amendment be concurred in.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 6, strike out "or" and insert "of".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

AMENDMENT OF LIFE INSURANCE ACT FOR THE DISTRICT OF COLUMBIA

Mr. MCMILLAN. Mr. Speaker, I call up the bill (H.R. 10684) to amend sections 1 and 5b of the Life Insurance Act for the District of Columbia, with Senate amendments thereto, and ask unanimous consent that the Senate amendments be concurred in.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 10, strike out " 'Standard Ordinary Mortality Table' " and insert "Standard Ordinary Mortality Table".

Page 2, lines 1 and 2, strike out " 'Standard Ordinary Mortality Table' " and insert "Standard Ordinary Mortality Table".

Page 4, line 19, strike out " 'Standard Ordinary Mortality Table' " and insert "Standard Ordinary Mortality Table".

Page 4, line 25, strike out " 'Standard Industrial Mortality Table'," and insert "Standard Ordinary Mortality Table."

Page 5, line 18, strike out " 'Standard Ordinary Mortality Table, " and insert "Standard Ordinary Mortality Table."

Page 6, lines 4 and 5, strike out " 'Extended Term Insurance Table' " and insert "Extended Term Insurance Table".

Page 6, line 20, strike out " "fourth" " and insert "fourth".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

NATIONAL SOCIETY DAUGHTERS OF THE AMERICAN COLONISTS

Mr. MCMILLAN. Mr. Speaker, I call up the bill (H.R. 10952) to authorize the National Society Daughters of the American Colonists to use certain real property in the District of Columbia as the national headquarters of that society, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Reserving the right to object, Mr. Speaker, and I shall not object, is this going to cost anything?

Mr. McMILLAN. No. This will not cost any money. It only permits the National Society Daughters of the American Colonists to use the building they are now using, which has been rezoned.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Society Daughters of the American Colonists, a District of Columbia corporation, is authorized to use the real property described as lot 807 in square numbered 2512 situated in the city of Washington, District of Columbia, as the national headquarters of such society.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this legislation is to permit the National Society of the Daughters of the American Colonists to use the property located at premises described as lot 807 in square No. 2512 on Massachusetts Avenue as their national headquarters.

At the present time the property is zoned "residential B-restricted." Property so zoned does not permit a use such as is sought by this bill. The National Society of the Daughters of the American Colonists, with chapters in every State in the Union except three, was incorporated under the laws of the District of Columbia in 1921.

Among the many patriotic and worthwhile objectives of the society are the following: To make research as to the history and deeds of the American colonists, and to record and publish the same; to erect memorials to commemorate colonial deeds and places of interest; to inculcate and foster the love of America and its institutions, by all its residents; to obey its laws, and to venerate its flag, the emblem of its power and civic righteousness; and for mutual improvement and educational purposes.

A subcommittee of the House District Committee held a hearing on this bill on Friday, April 1, 1960, at which the author of the bill, Hon. WALTER ROGERS, a Member of Congress from Texas, appeared and testified. Hon. David B. Karrick, a member of the Board of Commissioners for the District of Columbia, also appeared and testified that while the Commissioners of the District of Columbia had previously opposed special zoning treatment by legislation and could not recommend favorable action on the bill in view of the fact that the Commissioners believed that the contemplated use of the property as authorized by this legislation would have no adverse effect on neighboring property, that they would not offer objection to the passage of the bill.

METROPOLITAN POLICE RELIEF ASSOCIATION

Mr. McMILLAN. Mr. Speaker, I call up the bill (H.R. 12055) to incorporate the Metropolitan Police Relief Association of the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Clarence H. Lutz, Francis Conley, Garland B. Waters, William G. Schenck, Lawrence D. Johnson, Anthony A. Cuozzo, Lester W. Hebbard, and Royce L. Givens are hereby created and declared to be a body corporate by the name of "Metropolitan Police Relief Association of the District of Columbia" (hereinafter in this Act referred to as the "corporation"), and by such name shall be known and have perpetual succession and the powers and limitations contained in this Act.

COMPLETION OF ORGANIZATION

SEC. 2. The persons named in the first section of this Act are authorized to complete the organization of the corporation by the selection of officers and employees, the adoption of a constitution and bylaws not inconsistent with this Act, and the doing of such other acts as may be necessary for such purpose.

OBJECT AND PURPOSE OF CORPORATION

SEC. 3. The corporation shall not be conducted for profit but shall have as its object and purpose, upon the payment of specified amounts, the payment of death benefits with respect to (1) persons who are or have been officers or members of the Metropolitan Police force of the District of Columbia, (2) wives of persons who are or have been officers or members of the Metropolitan Police force of the District of Columbia, and (3) persons who are or have been employees of the District of Columbia assigned to the Metropolitan Police Department.

CORPORATE POWERS

SEC. 4. The corporation shall have power—

(1) to enter into contracts with those persons described in section 3 of this Act to pay death benefits with respect to such persons;

(2) to issue certificates of membership as evidence of the contracts referred to in paragraph (1);

(3) to collect specified amounts with respect to contracts for the payment of death benefits;

(4) to sue and be sued in any court of competent jurisdiction;

(5) to choose such officers, directors, managers, agents, and employees as the business of the corporation may require;

(6) to adopt, amend, and alter a constitution and bylaws, not inconsistent with the provisions of this Act, the laws of the United States, and the laws in force in the District of Columbia for the management of its property and regulation of its affairs;

(7) to contract and be contracted with;

(8) to take and hold by lease, gift, purchase, grant, devise, or bequest any property, real or personal, necessary for attaining the object and carrying into effect the purpose of the corporation subject to applicable provisions of law in force in the District of Columbia;

(9) to transfer, encumber, and convey real or personal property;

(10) to adopt, alter, and use a corporate seal;

(11) to borrow money for the purposes of the corporation, issue bonds therefor, and secure such bonds, subject to the laws of the United States, and the laws in force in the District of Columbia;

(12) to invest the funds of the corporation only in such securities as the United States District Court for the District of Columbia may approve, from time to time, for the investment of funds by fiduciaries operating under its jurisdiction; and

(13) to do any and all acts and things necessary and proper to carry out the object and purpose of the corporation.

MEMBERSHIP; VOTING RIGHTS

SEC. 5. (a) Eligibility for membership in the corporation and the rights and privileges of members of the corporation shall except as provided in this Act, be determined by the constitution and bylaws of the corporation.

(b) Only members of the corporation shall have the right to vote on matters submitted to a vote at meetings of members of the corporation. Each member of the corporation shall have only one vote with respect to matters submitted to a vote at meetings of members of the corporation.

BOARD OF DIRECTORS; COMPOSITION, RESPONSIBILITIES

SEC. 6 (a) Upon enactment of this Act, the membership of the board of directors of the corporation shall consist of those persons named in the first section of this Act. Such persons shall remain on the board of directors of the corporation for a period of one year from the date of enactment of this Act.

(b) After one year from the date of enactment of this Act, the board of directors of the corporation shall be composed of (1) one officer or member from each precinct, bureau, and division of the Metropolitan Police force of the District of Columbia (who is a certificate holder of the corporation) elected by a majority vote of the certificate holders of the corporation who are assigned to the precinct, bureau, or division from which such officer or member is elected; (2) one member of the White House Police force (who is a certificate holder of the corporation) elected by a majority vote of the certificate holders of the corporation who are members of the White House Police force; and (3) one member of the Retired Men's Association of the Metropolitan Police Department (who is a certificate holder of the corporation) elected by a majority vote of the certificate holders of the corporation who are members of such association.

(c) The board of directors shall be the governing board of the corporation and shall be responsible for the general policies and program of the corporation. The board of directors may appoint from among its membership such committees as it may deem advisable to carry out the affairs of the corporation, including an executive committee and an investment committee.

(d) The board of directors shall make and adopt such bylaws for the conduct of the corporation as it may deem necessary and proper which are consistent with the terms of this Act.

OFFICERS OF THE CORPORATION

SEC. 7. (a) The officers of the corporation shall be a chairman of the board of directors who shall also be the president of the corporation, a vice president, a secretary-treasurer, and an assistant secretary-treasurer. The duties of the officers of the corporation shall be as prescribed in the constitution and bylaws of the corporation.

(b) Before entering upon his duties as secretary-treasurer or as assistant secretary-treasurer, each such officer shall be required to give a good and sufficient surety bond to

the corporation in the amount of $10,000, conditioned upon the faithful performance of his duties. For the purposes of this section the term "faithful performance of his duties" shall include the proper accounting for all funds and property received by reason of the position or employment of the individual so bonded and all duties and responsibilities imposed upon such individual by this Act and by the constitution and bylaws of the corporation.

(c) The board of directors shall elect the officers of the corporation in such manner as may be prescribed by the constitution and bylaws of the corporation.

USE OF INCOME; LOANS TO OFFICERS, DIRECTORS, OR EMPLOYEES

SEC. 8. (a) No part of the income or assets of the corporation shall inure to any member, officer, or director, except as payment of death benefits or as remuneration for services which remuneration for services must be approved by the board of directors of the corporation.

(b) The corporation shall not make loans to its officers, directors, or employees. Any director who votes for or assents to the making of a loan to an officer, director, or employee of the corporation, and any officer who participates in the making of such loan, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

NONPOLITICAL NATURE OF CORPORATION

SEC. 9. The corporation, and its officers, directors, and duly appointed agents, as such, shall not contribute to or otherwise support or assist any political party or candidate for elective public office.

LIABILITY FOR ACTS OF OFFICERS AND AGENTS

SEC. 10. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

CHARITABLE CORPORATION, NOT SUBJECT TO INSURANCE LAWS OF THE DISTRICT OF COLUMBIA

SEC. 11. The corporation created by this Act is declared to be a benevolent and charitable corporation, and all of the funds and property of such corporation shall be exempt from taxation, other than taxation on the real property of the corporation. Such corporation shall not be subject to the laws regulating the business of insurance in the District of Columbia.

BOOKS AND RECORDS; INSPECTION

SEC. 12. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors, and committees having any of the authority of the board of directors; and it shall also keep a record of the names of its members. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose, at any reasonable time.

FILING WITH THE BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA

SEC. 13. (a) The corporation shall file, with the Board of Commissioners of the District of Columbia or an agent designated by the Board, a copy of its bylaws and copies of the forms of contracts to be offered to eligible persons.

(b) The financial transactions of the corporation shall be audited annually, at the end of the fiscal year established by the corporation, by an independent certified public accountant in accordance with the principles and procedures applicable to commercial corporate transactions. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and the full facilities for verifying transactions with the balances of securities held by depositors, fiscal agents, and custodians shall be afforded to such person or persons.

(c) A report of such audits shall be made by the corporation to the Board of Commissioners of the District of Columbia or an agent designated by the Board not later than six months following the close of such fiscal year for which the audit is made. The report shall set forth the scope of the audit and shall include verification by the person or persons conducting the audit of statements of (1) assets and liabilities, (2) capital and surplus or deficit, (3) surplus or deficit analysis, (4) income and expenses, and (5) sources and application of funds. Such report shall also include a statement of the operations of the corporation for such fiscal year.

(d) If the Board of Commissioners of the District of Columbia or an agent designated by the Board for such purpose shall have reason to believe that the corporation is not complying with the provisions of this Act, or is being operated for profit, or is being fraudulently conducted, they shall cause to be instituted the necessary proceedings to require compliance with this Act, or to enjoin such improper conduct.

TRANSFER OF CONTRACTS, OBLIGATIONS, AND ASSETS

SEC. 14. The corporation is authorized and empowered to take over, assume, and carry out all contracts, obligations, and assets of the corporation heretofore organized and now doing business in the District of Columbia under the name of the Metropolitan Police Relief Association of the District of Columbia, upon discharging or satisfactorily providing for the payment and discharge of all liability of such corporation and upon complying with all laws in force in the District of Columbia applicable thereto.

AGENT IN DISTRICT OF COLUMBIA

SEC. 15. The corporation shall maintain at all times in the District of Columbia a designated agent authorized to accept service of process for the corporation, and notice to or service upon such agent, or mailed to the business address of such agent, shall be deemed notice to or service upon the corporation.

RESERVATION OF RIGHT TO ALTER, AMEND, OR REPEAL CHARTER

SEC. 16. The right to alter, amend, or repeal this Act is hereby expressly reserved.

Mr. McMILLAN. Mr. Speaker, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. McMILLAN: On page 8 strike line 25 and on page 9 strike lines 1 through the word "transactions" on line 4 and insert in lieu thereof the following:

"(b) The accounts of the Corporation shall be audited annually in accordance with generally accepting auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to incorporate the Metropolitan Police Relief Association of the District of Columbia.

In the 85th Congress a bill, H.R. 4840, passed the House but no action was taken on this bill in the Senate.

The Metropolitan Police Relief Association of the District of Columbia was organized on November 26, 1869, and operated as a fraternal mutual benefit association on the assessment plan. Membership has always been restricted to police officers and civilian employees of the Metropolitan Police Department of the District of Columbia.

The association was incorporated on December 10, 1952, as the Metropolitan Police Relief Association of the District of Columbia under the provisions of chapter 6, title 29, of the District of Columbia Code, which deals with charitable, educational, and religious associations.

From its inception, the association has never been licensed by the Superintendent of Insurance, never made a report to said Superintendent, and has never paid any taxes as it does not own any real estate.

The necessity for this legislation was brought about because the Superintendent of Insurance directed a report that this association be ordered to cease and desist its operation as it was his opinion that the association was operating in violation of the law.

This association is a nonprofit organization, conducted solely for the welfare of employees of the Metropolitan Police Department and their families.

REGISTRATION OF BIRTHS IN DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the bill (S. 2327) to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last paragraph of subsection (a) of the first section of the Act entitled "An Act to provide for the better registration of births in the District of Columbia, and for other purposes", approved March 1, 1907 (34 Stat. 1010; sec. 6–301, D.C. Code, 1951 edition), as amended, is amended to read as follows:

"Upon receipt of any report aforesaid, the Director of Public Health shall forward to the father of the child, or, if his address be unknown, to the mother, an acknowledgment of the receipt of such report, and if the infant delivered be not stillborn, and such report does not contain the given name of the child born, a blank form on which the father or mother may certify over his or her signature the name of such child, which form, if thus executed and returned to said Director, shall be a part of the official record of such birth. In those cases in which no given name of a child has been certified to said Director, and a certificate cannot be executed by a parent because both parents are deceased, unknown, or physically or mentally incapacitated, the Director is authorized to accept

and make a part of the official record of the birth of such child a certificate made in accordance with such rules and regulations as may be promulgated by the Commissioners of the District of Columbia, who are hereby authorized to make rules and regulations governing the certification of the given name of a child where the birth record pertaining to such child does not include such given name."

SEC. 2. The first section of said Act approved March 1, 1907, as amended, is amended by adding the following subsection:

"(c) Wherever in this Act the terms 'health officer', 'Director of Public Health', or 'Director' are used, such terms shall mean the Director of the Department of Public Health of the District of Columbia established by the Commissioners of the District of Columbia pursuant to the authority contained in Reorganization Plan Numbered 5 of 1952 (66 Stat. 824)."

SEC. 3. This Act shall not be considered as affecting the authority vested in the Board of Commissioners of the District of Columbia by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824), and the performance of any function vested by said plan in the Board of Commissioners or in any office or agency under the jurisdiction and control of said Board of Commissioners in accordance with section 3 of such plan. Any function vested by this Act in any office or agency established pursuant to such plan shall be deemed to be vested in said Board of Commissioners and shall be subject to delegation in accordance with said plan.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," so as to authorize the Commissioners of the District of Columbia to establish rules and regulations permitting the certification of given names for birth records in those cases where such names have never been properly certified, and where because of death or incapacity upon the part of parents, proper certification cannot be executed. The Director of Public Health would be authorized to accept certification made in accordance with the regulations authorized by this bill to be issued and to make appropriate entries upon the official records.

The act of March 1, 1907, as amended, provided, among other things, that upon receipt of report of a birth the Director of Public Health should forward to the father or mother of the child a blank form on which the father or mother could certify over his or her signature the name of such child, which form, if thus executed and returned to said health officer within 3 months next following the date of birth, should be a part of the official record of such birth.

Despite the foregoing provision of law a large number of birth records maintained by the District of Columbia are incomplete either because the person was born prior to March 1, 1907, when the laws in effect up to that date did not require the given name of the child, or because the parents have failed to return the forms which were sent them by the Department of Public Health. In cases where births occurred prior to March 1, 1907, or where there were births registered thereafter for which a given name was never properly certified, the persons involved may experience difficulty in having the incomplete record accepted as proof of birth. Therefore, in order to make it possible for a birth record to be completed with the given name of a child, the Commissioners of the District of Columbia recommended to the Congress that subsection (a) of the first section of the act approved March 1, 1907, as amended, be amended in such manner to authorize the certification to the Director of Public Health of the District of Columbia of the given name of the child to which any such birth record may relate, and to authorize the Commissioners to make rules and regulations to allow the certification of given names for birth records where such name has never been properly certified and a certification cannot be executed by a parent because both parents are deceased, unknown, or physically or mentally incapacitated.

A public hearing was held on this legislation on Friday, June 3, 1960, at which time no opposition was offered to the bill.

TEACHERS IN THE PUBLIC SCHOOLS OF THE DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the bill (S. 2439) to authorize certain teachers in the public schools of the District of Columbia to count as creditable service for retirement purposes certain periods of authorized leave without pay taken by such teachers for educational purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any teacher who, on or after the date of enactment of this Act, retires pursuant to the Act entitled "An Act for the retirement of public-school teachers in the District of Columbia", approved August 7, 1946 (60 Stat. 875), as amended, shall be entitled to have included in the years of service creditable to him for retirement purposes any period of authorized leave of absence which was taken by him without pay, and for educational purposes; except that credit for any such period shall be conditioned upon the deposit by such teacher to the credit of the teachers' retirement and annuity fund of the District of Columbia of a sum equal to the accumulated contributions and interest which would have been credited to his individual account if he had remained on active duty in the public schools of the District of Columbia during any such period: *Provided,* That in order to receive such retirement credit a teacher must produce evidence satisfactory to the Superintendent of Schools of the District of Columbia that the authorized leave of absence without pay was taken for educational purposes.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to allow teachers who, subsequent to June 30, 1940, have taken authorized leaves of absence without pay for educational purposes, to purchase retirement credit for such periods. This bill, if enacted, would then put such teachers in the same status for retirement purposes as those teachers who have benefited by the provisions of the act approved June 12, 1940—54 Stat. 349; sections 31–632 through 31–637, D.C. Code, 1951 edition—which law authorizes certain teachers to take leave for educational purposes on the recommendation of the Superintendent of School and the approval of the Board of Education.

Hearings were held before a subcommittee of the House District Committee, at which time no testimony in opposition to the bill was expressed.

The Commissioners of the District of Columbia informed the committee that while it is impractical to make an exact estimate of the cost it is their belief that the cost would not exceed $10,000 per year.

WASHINGTON METROPOLITAN REGION DEVELOPMENT ACT

Mr. McMILLAN. Mr. Speaker, I call up the joint resolution (S.J. Res. 42) to establish an objective for coordinating the development of the District of Columbia with the development of other areas in the Washington metropolitan region and the policy to be followed in the attainment thereof, and for other purposes, and ask unanimous consent that the joint resolution be considered in the House as in Committee of the Whole.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Reserving the right to object, Mr. Speaker, this sounds as if it might cost some money.

Mr. McMILLAN. This joint resolution really creates a contact between the offices of the various agencies of the Washington metropolitan region in connection with the development of that region.

Mr. BROYHILL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Virginia.

Mr. BROYHILL. It is purely a statement of policy. It says that the Congress recognizes there is a Federal responsibility for assisting in the coordination of the problems of development in the metropolitan area. It directs the Federal agencies to conduct studies and make findings to arrive at a solution of the problems. There is no cost involved in this particular legislation.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Maryland.

Mr. FOLEY. I thank the gentleman. I want to associate myself with the remarks of the gentleman from Virginia. This is merely a declaration of policy. In a sense, it is a formal recognition of what the Congress has approved since

1957 by the creation of the Joint Committee of the House and Senate to explore and study metropolitan area problems. May I say to my colleague, the gentleman from Iowa, that this particular measure does not carry any price tag at all.

Mr. GROSS. This does not provide for the creation of any more planning boards or expanding the already existing National Capital Planning Commission?

Mr. FOLEY. That is correst, sir.

Mr. GROSS. And it does not provide for any additional appropriation?

Mr. FOLEY. That is correct, sir. The bill does not provide for any more money.

Mr. GROSS. This does not have anything to do with the so-called cultural center in Foggy Bottom?

Mr. McMILLAN. No; and I know my colleague is aware that I have the same opinion with reference to that, as he does.

Mr. GROSS. This will not provide any aid with reference to the construction of the so-called Freedom Shrine on the other side of the Potomac River with reference to which some of us who oppose that are called by Mr. Harry Thompson, the Superintendent of National Capital Parks, as nitpickers? This will not involve that situation; will it?

Mr. McMILLAN. No; I am opposed to that proposition myself.

Mr. GROSS. I am glad to hear the gentleman say that.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina [Mr. McMILLAN]?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Washington Metropolitan Region Development Act."

SEC. 2. The Congress hereby declares that, because the District which is the seat of the Government of the United States and has now become the urban center of a rapidly expanding Washington metropolitan region, the necessity for the continued and effective performance of the functions of the Government of the United States at the seat of said Government in the District of Columbia, the general welfare of the District of Columbia and the health and living standards of the people residing or working therein and the conduct of industry, trade, and commerce therein require that the development of the District of Columbia and the management of its public affairs shall, to the fullest extent practicable, be coordinated with the development of the other areas of the Washington metropolitan region and with the management of the public affairs of such other areas, and that the activities of all of the departments, agencies, and instrumentalities of the Federal Government which may be carried out in, or in relation to, the other areas of the Washington metropolitan region shall, to the fullest extent practicable, be coordinated with the development of such other areas and with the management of their public affairs; all toward the end that, with the cooperation and assistance of the other areas of the Washington metropolitan region, all of the areas therein shall be so developed and the public affairs thereof shall be so managed as to contribute effectively toward the solution of the community development problems of the Washington metropolitan region on a unified metropolitan basis.

SEC. 3. The Congress further declares that the policy to be followed for the attainment of the objective established by section 2 hereof, and for the more effective exercise by the Congress, the executive branch of the Federal Government and the Board of Commissioners of the District of Columbia and all other officers and agencies and instrumentalities of the District of Columbia of their respective functions, powers, and duties in respect of the Washington metropolitan region, shall be that all such functions, powers, and duties shall be exercised and carried out in such manner as (with proper recognition of the sovereignty of the State of Maryland and the Commonwealth of Virginia in respect of those areas of the Washington metropolitan region as are situate within their respective jurisdictions) will best facilitate the attainment of such objective of the coordinated development of the areas of the Washington metropolitan region and coordinated management of their public affairs so as to contribute effectively to the solution of the community development problems of the Washington metropolitan region on a unified metropolitan basis.

SEC. 4. The Congress further declares that, in carrying out the policy pursuant to section 3 hereof for the attainment of the objective established by section 2 hereof, priority should be given to the solution, on a unified metropolitan basis, of the problems of water supply, sewage disposal, and water pollution and transportation.

SEC. 5. The Congress further declares that the officers, departments, agencies, and instrumentalities of the executive branch of the Federal Government and the Board of Commissioners of the District of Columbia and the other officers, agencies, and instrumentalities of the District of Columbia, and other agencies of government within the Washington metropolitan region are invited and encouraged to engage in an intensive study of the final report and recommendation of the Joint Committee on Washington Metropolitan Problems with a view to submitting to the Congress the specific recommendations of each of the agencies of government specified.

SEC. 6. As used herein, the term "Washington metropolitan region" includes the District of Columbia, the counties of Montgomery and Prince Georges in the State of Maryland, the counties of Arlington and Fairfax and the cities of Alexandria and Falls Church in the Commonwealth of Virginia.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of the joint resolution is to establish an objective for coordinating the development of the District of Columbia with the development of other areas in the Washington metropolitan region and the policy to be followed in the attainment thereof.

Section 1 provides that the act may be cited as the "Washington Metropolitan Region Development Act."

Section 2 of the joint resolution recognizes the need (a) for the development of the District of Columbia and management of its public affairs to be coordinated with the development of the other areas of the Washington metropolitan region and the management of the public affairs of such other areas and (b) for the activities of all agencies of the Federal Government carried out in the Washington metropolitan region to be coordinated with the development of all areas of the region, so that community development problems of the region may be solved on a unified metropolitan basis.

Section 3 provides that the Congress declares that the functions, powers, and duties of the Congress, the executive branch of the Federal Government, and the Board of Commissioners and all other agencies of the District of Columbia, shall be exercised and carried out in such manner as (with proper recognition of the sovereignty of the State of Maryland and the Commonwealth of Virginia in respect of those of the Washington metropolitan region as are situated within their respective jurisdictions) will best facilitate the attainment of the objective of the coordinated development of the areas of the region and coordinated management of the public affairs of such agencies so as to contribute effectively to the solution of the community development problems of the region on a unified metropolitan basis.

Section 4 provides that the Congress further declares that priority should be given to the solution on a unified metropolitan basis of the problems of water supply, sewage disposal, and water pollution and transportation.

Section 5 declares that the officers and agencies of the executive branch of the Federal Government and other officers and agencies of the District of Columbia, and other agencies of government within the Washington metropolitan region are invited and encouraged to engage in an intensive study of the final report and recommendation of the Joint Committee on Washington Metropolitan Problems—Senate Report No. 38, 86th Congress, 1st session, filed January 31, 1959, pursuant to House Concurrent Resolution 172, 85th Congress—with a view to submitting to the Congress the specific recommendations of each of the agencies of government specified.

Section 6 defines the Washington metropolitan region as the District of Columbia, the counties of Montgomery and Prince Georges in the State of Maryland, the counties of Arlington and Fairfax, and the cities of Alexandria and Falls Church in the Commonwealth of Virginia.

A public hearing was held on this bill at which time no witnesses appeared in opposition thereto.

GROUP HOSPITALIZATION, INC.

Mr. McMILLAN. Mr. Speaker, I call up the bill (H.R. 12520) to amend the Act of August 11, 1935, so as to authorize Group Hospitalization, Inc., to enter into contracts with certain dental hospitals for the care and treatment of individuals, and for other purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act

entitled "An Act providing for the incorporation of certain persons as Group Hospitalization, Inc.", approved August 11, 1935 (53 Stat. 1412), is amended by redesignating section 10 as section 11 and by inserting, immediately after section 9, the following new section:

"SEC. 10. As used in this Act, the term 'hospital' shall include any dental hospital—

"(1) licensed by the Board of Commissioners of the District of Columbia,

"(2) approved for listing by the American Hospital Association, and

"(3) approved by the American Dental Association, in which hospital any dentist may, within the terms of his license, perform dental surgery."

SEC. 2. Section 5 of such Act (53 Stat. 1413) is amended by striking out the third sentence and by inserting in lieu thereof the following: "If said superintendent shall have reason to believe that this corporation is not complying with the provisions of this charter, or is being operated for profit, or fraudulently conducted, or is engaging in discriminatory conduct against any hospital by refusing to enter into a contract with such hospital as authorized under section 2 of this Act, he shall cause to be instituted the necessary proceedings to enjoin such improper or discriminatory conduct, or to dissolve this corporation. Any hospital aggrieved by such discriminatory conduct may institute the necessary proceedings in its own right to enjoin such discriminatory conduct, and the United States District Court for the District of Columbia shall have original jurisdiction of such proceedings.".

Committee amendment:

On page 1, line 5, strike "1935" and insert in lieu thereof "1939."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the act of August 11, 1939, so as to authorize Group Hospitalization, Inc., to enter into contracts with certain dental hospitals for the care and treatment of individuals, and for other purposes."

A motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to amend the act entitled "An act providing for the incorporation of certain persons as Group Hospitalization, Inc." (53 Stat. 1412), so as to permit dental hospitals to qualify for contracts with Group Hospitalization, Inc., in the District of Columbia, and also to forbid Group Hospitalization, Inc., from discriminating against any hospital by refusing to enter into a contract with it, as authorized under section 2 of the act.

The inclusion of dental hospitals among those institutions which can enter into contracts with Group Hospitalization, Inc., to care for patients would be accomplished by adding a complete new section to the existing act cited above.

In order to qualify, such dental hospital will be required to be licensed by the Board of Commissioners of the District of Columbia, and to be approved for listing by the American Hospital Association, and also approved by the American Dental Association as a hospital in which any dentist may, within the terms of his license, practice dental surgery. At the present time there is only one dental hospital in the District of Columbia. This is the Mead Dental Hospital, located at 1401 16th Street NW., in a building erected for this purpose and completed in January of 1959. This hospital complies in every respect with the qualifications required by the language of this bill.

This legislation also provides that the Superintendent of Insurance of the District of Columbia shall take legal proceedings against Group Hospitalization, Inc., if he has reason to believe that this corporation is not complying with the provisions of its charter, or is being operated fraudulently or for profit.

Also provided is a provision against the corporation's discriminating against any hospital by refusing to enter into contracts with it under the authority of the act. Further, the bill will authorize any hospital so discriminated against to institute proceedings in its own right to enjoin such discriminatory conduct, with the U.S. District Court for the District of Columbia having original jurisdiction of such proceedings.

This bill essentially will recognize the status of qualified dental hospitals in the District of Columbia as being on a professional par with institutions for other types of surgery.

This legislation will involve no expenditures of funds.

LIFE INSURANCE ACT FOR DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the bill (H.R. 10921) to amend section 35 of chapter III of the Life Insurance Act for the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the last sentence of paragraph (a) of subsection (5) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535 (5)(a)) is amended to read as follows: "For the purpose of this section, real estate shall not be deemed to be encumbered by reason of the existence of—

"(i) taxes or assessments that are not delinquent.

"(ii) assessments or other charges made by nongovernmental agencies under instruments creating or reserving the right to make charges for the creation or maintenance of roadways, utilities, recreational or other community facilities or for supplying services or benefits for the community in which such real estate is situated, notwithstanding such charges are or may become a lien against the real estate, provided no such charges are delinquent.

"(iii) instruments creating or reserving mineral, oil, gas, water, or timber rights, easements, rights-of-way, joint driveways, sewer rights, rights in walls.

"(iv) building restrictions or other restrictive conditions or covenants, or leases with or without an option to purchase.

"(v) conditions or rights of reentry or forfeiture which are insured against by a title insurance company, or which cannot cut off, subordinate, or otherwise disturb the aforesaid first lien on real estate."

(b) Subsection (6) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(6)) is amended to read as follows:

"(6)(a) Notes, bonds, or equipment trust certificates secured by any transportation equipment leased or sold to a common carrier, domiciled within the United States or the Dominion of Canada, with gross revenues exceeding $1,000,000 in the fiscal year immediately preceeding purchase, which notes, bonds, or equipment trust certificates provide a right to receive determined rental, purchase or other fixed obligatory payments adequate to retire the obligations within 20 years from date of issue and also provide (i) for the vesting of title to such equipment, free from encumbrance in a corporate trustee or (ii) for the creation of a first lien on such equipment, provided at the date of purchase such notes, bonds, or trust certificates are not in default as to principal or interest, and provided further that no company shall invest an amount in excess of 2 per centum of its admitted assets in any one issue of such notes, bonds, or equipment trust certificates of any one corporation.

"(b) Notes, bonds, or other evidences of indebtedness evidencing rights to receive partial payments agreed to be made upon any contract of leasing or conditional sale, the issue of which has been approved by the proper public authority if such approval was required by law at the time of issue, if such lessee or conditional vendee is a solvent corporation domiciled within the United States or the Dominion of Canada, and if the bonds or other evidences of indebtedness, if any, of such corporation are eligible as investments under the provisions of subsection (7) of this section: *Provided, however,* That no company shall invest an amount in excess of 2 per centum of its admitted assets in any one issue of such notes, bonds, or other evidences of indebtedness of any one corporation.

"(c) Equipment or machinery for use in transportation, manufacturing, production or distribution, leased or to be leased to any solvent corporation domiciled within the United States or the Dominion of Canada, if the bonds or other evidences of indebtedness, if any, of such corporation are eligible as investments under the provisions of subsection (7) of this section: *Provided, however,* That no company shall invest an amount in excess of 2 per centum of its admitted assets in such equipment or machinery leased or to be leased to any one corporation."

(c) Subsection (7) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(7)) is amended to read as follows:

"(7)(a) Bonds and other evidences of indebtedness of any solvent corporation created under the laws of the United States or any State thereof, or the District of Columbia, or the Dominion of Canada, or any Province thereof: *Provided,* That (i) no company shall invest an amount in excess of 2 per centum of its admitted assets in any one issue of such obligations of any one corporation; (ii) the net earnings of the issuing corporation available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by such insurance company shall have averaged yearly, and during the last year of said five-year period shall have been not less than one and one-half times its annual fixed charges at the time of the investment, or, if a new issue, as shown by the proforma statement of the corporation; and (iii) there shall have been no defaults in interest thereon, or on any such obligations of such corporation which are of equal or higher priority with those purchased, during the period of five years next preceding the date of acquisition, or, if outstanding for less than five years, at any time since said obligations were issued.

The term 'net earnings available for fixed charges', as used herein, shall mean the net income after deducting all operating and maintenance expenses, depreciation and depletion, and taxes other than Federal, State, and District of Columbia income taxes, but nonrecurring items of income and expense may be eliminated. The term 'fixed charges' as used herein shall include interest on all of the fixed interest bearing debt to the corporation outstanding and maturing in more than one year, as of the date of acquisition, and in case of investment in contingent interest obligations, said term shall also include maximum annual contingent interest as of said date. The earnings of all predecessor, merged, consolidated, or purchased companies may be included through the use of consolidated or pro forma statements provided the fixed charges of all such companies are also included.

"(b) Certificates, notes, or other obligations issued by trustees or receivers or any corporation created or existing under the laws of the United States or of any State, District, or Territory thereof, which, or the assets of which, are being administered under the direction of any court having jurisdiction."

(d) Subsection (9) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(9)) is amended to read as follows:

"(9)(a) Preferred stock of any solvent corporation (other than its own) created under the laws of the United States, or of any State thereof, or the District of Columbia, or the Dominion of Canada, or any Province thereof, where such corporation has not failed in any one of the three fiscal years next preceding such investment, to have earned a sum applicable to dividends on such preferred stock equal at least to three times the amount of dividends due in that year, or where in case of issuance of new preferred stock such earnings applicable to dividends are equal to at least three times the amount of pro forma annual dividend requirements after giving effect to such new financing, and where the bonds and other evidences of indebtedness, if any, of such corporation are eligible as investments under the provisions of subsection (7) of this section, and where the total investment in any one issue of such preferred stock of any one corporation does not exceed 1 per centum of the investing company's admitted assets.

"(b) Stocks or other securities guaranteed by any solvent corporation created under the laws of the United States, or any State thereof, or the District of Columbia, or the Dominion of Canada, or any Province thereof, if the guaranteeing corporation has not failed in any one of the three fiscal years next preceding such investment to have earned a sum applicable to interest on outstanding indebtedness and dividends on all guaranteed stocks equal to at least twice the amount of interest and guaranteed dividends payable for that year. No company shall invest in excess of 1 per centum of its assets in any one issue of guaranteed stocks made eligible for investment under this subsection."

(e) Subsection (10) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(10)) is amended to read as follows:

"(10)(a) Common stocks of any solvent corporation (other than its own) created under the laws of the United States, or of any State thereof, or the District of Columbia, or the Dominion of Canada, or any Province thereof, which shall have paid common dividends in cash for not less than five years next preceding the purchase of such stocks, and where the bonds and other evidences of indebtedness, if any, and the preferred stock, if any, of such corporation are eligible as investments under the provisions of subsections (7) and (9), respectively, of this section, and where the total investment in the common stock of any one such corporation does not exceed 1 per centum of the investing company's admitted assets.

"(b) In addition to the investments authorized in paragraph (10)(a), common stocks of any insurance company (other than its own) created under the laws of the United States, or of any State thereof, or the District of Columbia, where the total costs of the investments under this paragraph in the common stocks of any one or more insurance companies does not exceed the lesser of (i) 4 per centum of the investing company's admitted assets, or (ii) the amount of capital, surplus and contingency reserves in excess of $150,000: *Provided, however,* That stocks may be acquired under this paragraph (10)(b) only with the intention of ultimately acquiring ownership or control of the issuing corporation to an affiliate or a subsidiary and a statement of such intention must be incorporated in the resolution authorizing the acquisition adopted by the board of directors or by a committee of directors, officers, or employees of the company designated by the board and charged with the duty of supervising loans or investments."

(f) Subsection (11) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(11)) is amended to read as follows:

"(11) Loans upon the pledge of any of the securities aforesaid, not exceeding 85 per centum of the market value of the collateral taken as security at the date of the loan."

(g) Paragraph (f) of subsection (14) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(14)(f)) is amended by deleting the last sentence in its entirety and substituting the following two sentences in lieu thereof: "Such election shall be duly authorized and recorded by the board of directors or by a committee of directors, officers, or employees of the company designated by the board charged with the duty of supervising loans or investments. The minutes of any such committee shall be duly recorded and regular reports of such committee shall be submitted to the board of directors."

(h) Section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535) is amended by adding a new subsection (15) and a new subsection (16) immediately following subsection (14), which ends with the words "as the Superintendent shall direct." The new subsections read as follows:

"(15) Any domestic life insurance company may also lend or invest its funds, to an extent that the cost of such investments shall not exceed in the aggregate the lesser of (i) 5 per centum of its total admitted assets, or (ii) the amount of capital, surplus, and contingency reserves in excess of $150,000, in loans or investments (other than common stocks of insurance companies) not otherwise permitted under this section: *Provided, however,* That no company shall invest in excess of 1 per centum of its admitted assets in any one such loan or investment. The company shall keep a separate record of all loans and investments made under this subsection. In the event that, subsequently to being made under the provisions of this subsection, a loan or investment is determined to have become qualified under some other part of this section, the company may consider such loan or investment as being held under the applicable provision and such loan or investment shall no longer be considered as having been made under this subsection.

"(16) The compliance of a particular investment with the restrictions that not more than a specified percenage of the investing company's admitted assets may be invested therein, as set forth in subsections (6), (7), (9), (10), (14), or (15) of this section, whichever is applicable, shall be determined as of the date of the making or acquisition of each such investment."

(i) The second from last paragraph of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535) is amended to read as follows: "No loan or investment, except loans on the security of life insurance policies, shall be made by any such company, unless the same shall have been authorized or be approved by the board of directors or by a committee of directors, officers or employees of the company designated by the board charged with the duty of supervising loans or investments. The minutes of any such committee shall be duly recorded and regular reports of such committee shall be submitted to the board of directors."

(j) The next to the last paragraph of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535) is amended by adding the following sentence at the end thereof: "Nothing contained in this paragraph shall be construed to invalidate or prohibit such a company from joining with one or more other investors to share in the purchase of any securities or the making of any loan for investment purposes."

(k) The last paragraph of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535) is amended by adding the following at the end thereof: "Any domestic life insurance company may acquire and hold securities or other property if distributed to it as a dividend or as a lawful distribution of assets, or if acquired by it pursuant to a lawful plan of reorganization, or if acquired pursuant to a lawful and bona fide agreement of bulk reinsurance or consolidation. If any securities so acquired shall consist in whole or in part of stock or shares of any company, or of bonds or other obligations, which do not meet the requirements for eligibility set out in this section, then any such securities so received shall be disposed of within five years from the time of acquisition, unless at any time after such acquisition the securities shall have met such requirements and the company has notified the Superintendent thereof, or unless the company file with the Superintendent of Insurance an application for extension of time, supported by such evidence as may be required by the Superintendent, establishing to his satisfaction that an extension would be to the advantage of the company and that the interests of the company would be affected adversely by a forced sale thereof, in which event the time for the sale may be extended to such time as the Superintendent shall direct."

Committee amendments:

On page 7, strike lines 17 through 25, inclusive.

On page 8, strike lines 1 through 25, inclusive.

On page 9, line 1, strike "(f)" and insert "(e)".

On page 9, line 7, strike "(g)" and insert "(f)".

On page 9, line 18, strike "(h)" and insert "(g)".

On page 10, line 24, strike "(i)" and insert "(h)".

On page 11, line 10, strike "(j)" and insert "(i)".

On page 11, line 18, strike "(k)" and insert "(j)".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, section 35–535 of the District of Columbia Code—section 35, chapter III of the act of June 19, 1934, entitled "An act to regulate the business of life insurance in the District of Columbia," as amended—defines and limits the types of investments which a

District of Columbia life insurance company may make. The last major revision of this section was enacted in 1948—Public Law 672, 80th Congress.

The purpose of this bill is to modernize this section of the Life Insurance Act and to give recognition to developments in the general investment operations and methods in the United States by (a) clarifying and expanding some provisions of the present law, and (b) authorizing new types of investments for domestic life insurance companies.

SUMMARY OF THE BILL

The amendments of section 35–535 contained in the bill may be summarized as follows:

First. To clarify and slightly expand the definition of what may be disregarded in determining whether a mortgage loan will be a first lien on real estate.

Second. To provide for purchase of investments secured by leasing or conditional sales contracts of solvent corporations other than common carriers and to provide further for direct leasing of equipment or machinery to such corporations without the intervention of a third party lessor.

Third. To strengthen the definition of "net earnings available for fixed charges" in testing whether corporate bonds meet the tests for investments by life insurance companies and to authorize life insurance companies to purchase obligations issued by court-appointed trustees or receivers.

Fourth. To permit life insurance companies to invest in guaranteed as well as preferred stocks.

Fifth. To permit life insurance companies to invest a limited portion of their assets in the common stocks of other insurance companies with the intention that the two companies shall operate as affiliates.

Sixth. To restrict collateral loans to 85 percent of the market value of collateral.

Seventh. To permit investment committees established by the boards of directors of life insurance companies to include officers or employees of the companies who are not members of the board.

Eighth. To permit life insurance companies to lend or invest not more than 5 percent of their admitted assets in forms of investments not otherwise specifically defined in the statute.

Ninth. To clarify that a particular investment shall be tested as of the date it is made in determining whether it complies with one of the limits in the statute as to the percentage of the investing company's assets which may be invested in such security.

Tenth. To provide that a life insurance company may join with one or more other investors to share in the making of loans or purchase of securities.

Eleventh. To provide that securities not authorized by the statute acquired by a life insurance company by distribution as a dividend or in any other lawful manner may be held up to 5 years before disposal, with provision for a further extension of time at the discretion of the Superintendent of Insurance.

EXEMPTING FROM DISTRICT OF COLUMBIA INCOME TAX COMPENSATION PAID TO ALIEN EMPLOYEES BY CERTAIN INTERNATIONAL ORGANIZATIONS

Mr. McMILLAN. Mr. Speaker, I call up the bill (S. 2954) to exempt from the District of Columbia income tax compensation paid to alien employees by certain international organizations, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Mr. Speaker, reserving the right to object, could we have an explanation of this bill? How much revenue is going to be lost by giving this exemption to aliens?

Mr. McMILLAN. May I state to the gentleman from Iowa that this bill was requested by the Department of State and would only affect members of NATO and other aliens here on business of that nature. They are here in the interest of the affairs of their country and we thought it would not be right to impose an additional tax on them.

Mr. GROSS. Does this work both ways? What happens to our people overseas in the NATO organization? Are they exempt or are they taxed in foreign countries?

Mr. McMILLAN. When they are attending meetings?

Mr. GROSS. These people are doing more than just attending meetings; are they not? This involves more than casual meetings. These people, apparently, are stationed in this country; is that correct?

Mr. McMILLAN. Well, a person who is stationed in New York is exempt from taxes in the State of New York.

Mr. GROSS. American employees of the United Nations pay taxes and then are reimbursed for the Federal taxes that they pay. We all know that, but what I am trying to find out is whether our employees in foreign countries are given the same treatment as proposed in this bill.

Mr. McMILLAN. I understand they are and they are also exempt from Federal taxes.

Mr. GROSS. And this would involve a loss to the District of Columbia of how much money?

Mr. McMILLAN. I think it amounts to around $30,000.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina [Mr. McMILLAN]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(b) of title III of the District of Columbia Income and Franchise Tax Act of 1947, as amended (D.C. Code, sec. 47–1557a), is amended by adding at the end thereof the following new paragraph:

"(16) COMPENSATION RECEIVED BY ALIENS FROM CERTAIN INTERNATIONAL ORGANIZATIONS.—In the case of an individual who is not a national of the United States, salaries, wages, or compensation for personal services rendered as an employee of an international organization (as defined in section 1 of International Organizations Immunities Act (22 U.S.C. sec. 288)) which is entitled to enjoy privileges, exemptions, and immunities provided by such Act."

SEC. 2. The amendment made by this Act shall apply only to taxable years beginning after December 31, 1960.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this legislation is to exempt from the District of Columbia income tax compensation paid to alien employees by certain international organizations.

Aliens employed by the Organization of American States—OAS—which includes the Pan American Union and the Inter-American Defense Board, and by the Pan American Health Organizations—PAHO—have been subject to District of Columbia income taxation on the salary paid them by the employer international organization.

However, a disparity between alien employees of the OAS and the PAHO on the one hand and alien employees of other international organizations located in the United States was made apparent by the fact that alien employees of the International Monetary Fund and the International Bank for Reconstruction and Development are exempt from District of Columbia income taxation by virtue of the provisions of the Bretton Woods Agreement Act of July 31, 1945.

In addition, alien employees of the United Nations in New York City are exempt from the payment of New York State income tax as a result of New York State Assembly legislative action.

All aliens employed by international organizations which have been designated by the President as entitled to the benefits of the International Organizations Immunities Act are exempt from Federal income taxation. This includes the OAS and the PAHO which were so designated by Executive order of the President in 1946.

In recent years both the OAS and the PAHO have sought to overcome this disparity by reimbursing the alien employees to the extent of the income tax paid by them on their international organization salary.

Approximately 100 employees will be affected by this legislation and it will involve a loss of revenue to the District of Columbia in an amount estimated to be $30,000. The Commissioners of the District of Columbia have expressed approval of the legislation.

UNIFORM LAW FOR TRANSFER OF SECURITIES IN DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the bill (H.R. 10021) providing a uniform law for the transfer of securities to and by fiduciaries in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DEFINITIONS

SECTION 1. In this Act, unless the context otherwise requires:

(a) "Assignment" includes any written stock power, bond power, bill of sale, deed, declaration of trust or other instrument of transfer.

(b) "Claim of beneficial interest" includes a claim of any interest by a decedent's legatee, distributee, heir or creditor, a beneficiary under a trust, a ward, a beneficial owner of a security registered in the name of a nominee, or a minor owner of a security registered in the name of a custodian, or a claim of any similar interest, whether the claim is asserted by the claimant or by a fiduciary or by any other authorized person on his behalf, and includes a claim that the transfer would be in breach of fiduciary duties.

(c) "Corporation" means a private or public corporation, association or trust issuing a security.

(d) "Fiduciary" means an executor, administrator, trustee, guardian, committee, conservator, curator, tutor, custodian or nominee.

(e) "Person" includes an individual, a corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity.

(f) "Security" includes any share of stock, bond, debenture, note or other security issued by a corporation which is registered as to ownership on the books of the corporation.

(g) "Transfer" means a change on the books of a corporation in the registered ownership of a security.

(h) "Transfer agent" means a person employed or authorized by a corporation to transfer securities issued by the corporation.

REGISTRATION IN THE NAME OF A FIDUCIARY

SEC. 2. A corporation or transfer agent registering a security in the name of a person who is a fiduciary or who is described as a fiduciary is not bound to inquire into the existence, extent, or correct description of the fiduciary relationship, and thereafter the corporation and its transfer agent may assume without inquiry that the newly registered owner continues to be the fiduciary until the corpoartion or transfer agent receives written notice that the fiduciary is no longer acting as such with respect to the particular security.

ASSIGNMENT BY A FIDUCIARY

SEC. 3. Except as otherwise provided in this Act, a corporation or transfer agent making a transfer of a security pursuant to an assignment by a fiduciary—

(a) may assume without inquiry that the assignment, even though to the fiduciary himself or his nominee, is within his authority and capacity and is not in breach of his fiduciary duties;

(b) may assume without inquiry that the fiduciary has complied with any controlling instrument and with the law of the jurisdiction governing the fiduciary relationship, including any law requiring the fiduciary to obtain court approval of the transfer; and

(c) is not charged with notice of and is not bound to obtain or examine any court record or any recorded or unrecorded document relating to the fiduciary relationship or the assignment, even though the record or document is in its possession.

EVIDENCE OF APPOINTMENT OR INCUMBENCY

SEC. 4. A corporation or transfer agent making a transfer pursuant to an assignment by a fiduciary who is not the registered owner shall obtain the following evidence of appointment or incumbency:

(a) In the case of a fiduciary appointed or qualified by a court, a certificate issued by or under the direction or supervision of that court or an officer thereof and dated within sixty days before the transfer; or

(b) In any other case, a copy of a document showing the appointment or a certificate issued by or on behalf of a person reasonably believed by the corporation or transfer agent to be reponsible or, in the absence of such a document or certificate, other evidence reasonably deemed by the corporation or transfer agent to be appropriate. Corporations and transfer agents may adopt standards with respect to evidence of appointment or incumbency under this subsection (b) provided such standards are not manifestly unreasonable. Neither the corporation nor transfer agent is charged with notice of the contents of any document obtained pursuant to this subsection (b) except to the extent that the contents relate directly to the appointment or incumbency.

ADVERSE CLAIMS

SEC. 5. (a) A person asserting a claim of beneficial interest adverse to the transfer of a security pursuant to an assignment by a fiduciary may give the corporation or transfer agent written notice of the claim. The corporation or transfer agent is not put on notice unless the written notice identifies the claimant, the registered owner and the issue of which the security is a part, provides an address for communications directed to the claimant and is received before the transfer. Nothing in this Act relieves the corporation or transfer agent of any liability for making or refusing to make the transfer after it is so put on notice, unless it proceeds in the manner authorized in subsection (b).

(b) As soon as practicable after the presentation of a security for transfer pursuant to an assignment by a fiduciary, a corporation or transfer agent which has received notice of a claim of beneficial interest adverse to the transfer may send notice of the presentation by registered or certified mail to the claimant at the address given by him. If the corporation or transfer agent so mails such a notice it shall withhold the transfer for thirty days after the mailing and shall then make the transfer unless restrained by a court order.

NONLIABILITY OF CORPORATION AND TRANSFER AGENT

SEC. 6. A corporation or transfer agent incurs no liability to any person by making a transfer or otherwise acting in a manner authorized by this Act.

NONLIABILITY OF THIRD PERSONS

SEC. 7. (a) No person who participates in the acquisition, disposition, assignment or transfer of a security by or to a fiduciary including a person who guarantees the signature of the fiduciary is liable for participation in any breach of fiduciary duty by reason of failure to inquire whether the transaction involves such a breach unless it is shown that he acted with actual knowledge that the proceeds of the transaction were being or were to be used wrongfully for the individual benefit of the fiduciary or that the transaction was otherwise in breach of duty.

(b) If a corporation or transfer agent makes a transfer pursuant to an assignment by a fiduciary, a person who guaranteed the signature of the fiduciary is not liable on the guarantee to any person to whom the corporation or transfer agent by reason of this Act incurs no liability.

(c) This section does not impose any liability upon the corporation or its transfer agent.

TERRITORIAL APPLICATION

SEC. 8. (a) The rights and duties of a corporation and its transfer agents in registering a security in the name of a fiduciary or in making a transfer of a security pursuant to an assignment by a fiduciary are governed by the law of the jurisdiction under whose laws the corporation is organized.

(b) This Act applies to the rights and duties of a person other than the corporation and its transfer agents with regard to acts and omissions in the District of Columbia in connection with the acquisition, disposition, assignment or transfer of a security by or to a fiduciary and of a person who guarantees in the District of Columbia the signature of a fiduciary in connection with such a transaction.

TAX OBLIGATIONS

SEC. 9. This Act does not affect any obligation of a corporation or transfer agent with respect to estate, inheritance, succession or other taxes imposed by the laws of the District of Columbia.

UNIFORMITY OF INTERPRETATION

SEC. 10. This Act shall be so construed as to effectuate its general purpose to make uniform the law of those States which enact it.

SHORT TITLE

SEC. 11. This Act may be cited as the District of Columbia Uniform Act for Simplification of Fiduciary Security Transfers.

REPEAL

SEC. 12. Section 3 of the Uniform Fiduciaries Act, approved May 14, 1928 (45 Stat. 510), is herey repealed.

TIME OF TAKING EFFECT

SEC. 13. This Act shall take effect on the date of its enactment.

With the following committee amendments:

On page 3, line 8, strike "corpoartion" and insert "corporation".

On page 8, line 7, strike "herey" and insert "hereby".

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this legislation is to provide a uniform law for the transfer of securities to and by fiduciaries in the District of Columbia.

By reason of court decisions holding corporations and their transfer agents liable for transfers of securities in breach of trust due to failure of inquiring into the powers of the fiduciary when such inquiry would have disclosed the breach of trust, corporations and their transfer agents now require documentation when making fiduciary transfers of securities, showing the authority of the fiduciary, the terms of the fiduciary relationship, and the propriety of transfer by the fiduciary. In his "Comment on the Uniform Act for Simplification of Fiduciary Security Transfers," Austin Wakeman Scott, Dane professor of law, Harvard Law School, stated:

It seems to me wrong to impose this duty of inquiry, this duty to oversee the administration of the trust. The effect is very seldom to prevent a dishonest trustee from committing a breach of trust but always to delay an honest trustee in his administration of the trust. The question is what to do about it. It has been very generally

agreed that there ought to be a law giving relief, and statutes have been enacted in many States.

The adoption of this act is necessary in order to relieve corporations and their transfer agents of the duty to inquire into the propriety of a fiduciary transfer and the supplying of the now necessary documents—such duties were never included under the laws of England and there is no sound reason for our American decisions to impose them on corporations and their transfer agents. Moreover, a dishonest fiduciary, for whom the present system was designed, may easily avoid detection by either selling a security and absconding with the proceeds or, in the event the instrument under which he is acting or the laws of the State or the situs of the trust permits, by transferring a security to the name of a nominee. The act accomplishes this purpose in that it provides that a corporation or transfer agent need not inquire into the fiduciary relationship when registering a security and thereafter may assume the newly registered owner continues to be the fiduciary until written notice to the contrary is received; further, that when making a transfer of a security pursuant to an assignment by a fiduciary, a corporation or transfer agent may assume without inquiry that a transfer is within the authority of the fiduciary and not in breach of a fiduciary duty, that the fiduciary has complied with any controlling instrument and the law, including any law requiring court approval, and is not charged with notice of court records or other documents even though in the fiduciary's possession.

Should a person have a claim of beneficial interest adverse to the transfer of a security pursuant to an assignment by a fiduciary, section 5 of the act provides the mechanics by which such person may put the corporation or its transfer agent on notice of a claim. Thus the act relieves the corporation or its transfer agent of the necessity of burdensome documentation and of liability on fiduciary transfers for which no written notice has been received that the fiduciary has ceased to act and no notification received of adverse claims.

The adoption of the Uniform Act for Simplification of Fiduciary Security Transfers will eliminate the expense and unnecessary redtape in security transactions by fiduciaries (and at the same time provide protection for beneficiaries against improper transfers by notice to the corporation or transfer agent).

The adoption of this legislation would permit banks and trust companies of the District of Columbia to avail themselves of its benefits, which are enjoyed by banking institutions in 17 States that have adopted this act and in several other States which have effective simplification legislation.

TIME IN WHICH CAVEAT TO A WILL MUST BE FILED IN THE DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the bill (H.R. 11931) to amend the act of March 3, 1901, with respect to the time within which a caveat to a will must be filed in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 137 of the Act entitled "An Act to establish a code of law for the District of Columbia," approved March 3, 1901, as amended (D.C. Code, sec. 19–309), is amended to read as follows:

"SEC. 137. CAVEAT.—After a will has been admitted to probate, any person in interest shall have six months from the date of the order of probate in which to file a caveat to said will, praying that the probate thereof be revoked."

SEC. 2. The amendment made by the first section of this Act shall apply only to wills admitted to probate after the date of enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this legislation is to amend the act of March 3, 1901, to reduce the time for the filing of a caveat from 1 year to 6 months. This legislation would amend existing law which is somewhat ambiguous in language.

Prior to the amendment of June 24, 1949, the District of Columbia Code allowed 1 year from probate for the filing of a caveat to a will of real estate and 3 months for the filing of a caveat to a will of personal property.

A persuasive reason for shortening the present 1-year period of limitations is to make it correspond with the 6-month period of administration permitted by the amendment to title 20, section 601, of the code, and the 6-month period within which a surviving spouse must renounce the deceased spouse's will. The shortened period for notice to creditors and the privilege of filing a final account at the end of the 6 months is rendered largely inutile by the possibility of a caveat to the will being filed at any time up to the close of 1 year from the date of probate.

In very many simple estates, executors could file their final accounts in 6 months from appointment if the danger of a caveat were outlawed at the same time as claims of creditors. Where accounts are not filed until expiration of the full 12-month period, distribution cannot usually be made until about 15 months or so after death. As a result, it is frequently necessary to compute and pay interest on cash legacies. With a 6-month limitation period for caveat, this complication could be avoided and the work of both executors and the accounting division of the Office of the Register of Wills simplified.

AMENDING DISTRICT OF COLUMBIA MOTOR VEHICLE PARKING FACILITY ACT

Mr. McMILLAN. Mr. Speaker, I call up the bill (H.R. 12597) to amend the District of Columbia Motor Vehicle Parking Facility Act of 1942, and ask unanimous consent that the bill may be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the District of Columbia Motor Vehicle Parking Facility Act of 1942 (D.C. Code, 40–808) is amended by adding at the end thereof the following new sentence: "None of the moneys deposited in the special account in the Treasury of the United States under this section shall be used to pay the compensation of any person whose duties are those of a parking meter attendant."

SEC. 2. Notwithstanding any other provision of law no person other than an officer or member of the Metropolitan Police force of the District of Columbia, the United States Park Police, the White House Police, the Zoo Police, and the United States Capitol Police shall be authorized to enforce any law, rule, or regulation relating to the parking of vehicles in the District of Columbia.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the District of Columbia Motor Vehicle Parking Facility Act of 1942—District of Columbia Code 40–808—provides that all moneys collected from parking meters or derived from the sale of any real or personal property belonging to the Motor Vehicle Parking Agency shall be deposited in a special account in the Treasury of the United States to the credit of the District of Columbia. Further, it is stipulated that these funds shall be appropriated and used solely for the purposes set forth in the chapter. These provisions have always been strictly adhered to. Recently, however, there has been some discussion by District of Columbia officials of a plan to utilize some of this money for paying parking meter attendants, who would not be officers or members of the police agencies of the District of Columbia but simply citizens designated by these agencies to issue tickets for parking meter violations. The purpose of this bill is to forbid any of the moneys in this special account from being expended for this purpose.

Further, the bill forbids the utilization of such parking meter attendants completely by stating that no person except officers or members of the Metropolitan Police force of the District of Columbia, the U.S. Park Police, the White House Police, the Zoo Police, or the U.S. Capitol Police shall be authorized to enforce any vehicle parking law or regulation.

The intent of the bill, therefore, is to retain the enforcement of parking laws and regulations as the exclusive prerogative and duty of the regular officers and members of those police forces. The members of the House District Committee feel that it is not proper for this duty or any other phase of law enforce-

ment to be engaged in by persons who are not cloaked with any real police authority.

The committee feels also that the District of Columbia, with its high rate of incidence of assaults and yokings in its streets, needs more man-hours of policing of these streets. Hence, it is their conviction that more time spent by police officers in parking meter enforcements will result in their spending more time actually on the streets, to the definite benefit of the city.

AMENDING THE UNIFORM NARCOTIC DRUG ACT FOR THE DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the bill (H.R. 12584) to amend the Uniform Narcotic Drug Act for the District of Columbia, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 10 of the Uniform Narcotic Drug Act (52 Stat. 785) is amended by striking out ", (5) not more than one-sixth of a grain of dihydrocodeinone or any of its salts."

With the following committee amendment:

Page 1, line 6, strike "salts." and insert in lieu thereof "salts".

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to amend the Uniform Narcotic Drug Act for the District of Columbia (52 Stat. 785) so as to prohibit the sale of medicinal preparations containing one-sixth of a grain or less of dihydrocodeinone or any of its salts, per fluid ounce, without a physician's prescription.

The reason for this proposed legislation is the growing awareness of the danger involved in the uncontrolled availability of this drug in the concentration indicated, usually in the form of cough syrup. It has been found possible for a person to drink a sufficient quantity of such a preparation and within a short time to experience a definite narcotic reaction as a result, and consequently there has been an increasing misuse of this drug.

Mr. Henry L. Giordano, Acting Commissioner of Narcotics for the U.S. Treasury Department, advised the House District Committee in a written report that there are at present approximately 182 preparations now on the market containing not more than one-sixth grain of dihydrocodeinone or its salts per ounce. However, they report further that not all of these preparations have attained national distribution as yet, and they believe that about six are being distributed and abused in the District of Columbia at the present time.

According to reports, a cough syrup designated commercially as "Cosanyl" is the most generally available of these preparations, and hence is the most widely misused. All such preparations, however, represent a grave hazard to the safety of the citizens of the city.

Federal legislation has been passed in this session of the Congress which will prohibit the sale of this drug, as described in this bill, without prescription on a nationwide basis. However, this legislation will not go into effect until January 1961.

Meanwhile, the House District Committee feels that this problem involves a highly dangerous situation in the District of Columbia which urgently demands an immediate solution. Hence, at a meeting of the full House District Committee on Friday, June 10, the members present voted unanimously to report this bill, which will protect the citizens of the District of Columbia from this peril.

This bill will not involve any expenditure of funds.

EXTENSION OF REMARKS

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to insert after the passage of each bill on the District Calendar considered today, an explanation of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

MUTUAL SECURITY APPROPRIATION BILL, 1961

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on the mutual security appropriation bill for the fiscal year 1961.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. TABER reserved all points of order against the bill.

Mr. TABER. Mr. Speaker, I ask unanimous consent that the minority may have until midnight tonight to file minority views to be printed with the report of the majority.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

ONE STEP FORWARD AND THREE STEPS BACKWARD

Mr. PORTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PORTER. Mr. Speaker, we are entering the closing weeks of this session of Congress, and as yet, very little real progress has been made toward legislation to provide adequate health care for the aged. At this late date it would serve no purpose for me again to go into the tragic statistics which demonstrate the urgent need for such legislation.

THE AGED HAVE PRESSING HEALTH NEEDS

In the face of the volumes of evidence compiled by the Committee on Ways and Means and by Senator MCNAMARA's Subcommittee on the Aged, open-minded persons have conceded that the aged have very pressing health needs, that they are not getting the help they require because it is beyond their means, and that Federal action is needed to relieve the situation.

The question now is, What form shall such Federal action take? For my part, I have an open mind as to what form the legislation should take, as long as it promises to provide an adequate solution to the problem.

During this Congress I have strongly advocated the measure introduced by my colleague, the Honorable AIME FORAND, of Rhode Island. Nevertheless, the gentleman from Rhode Island [Mr. FORAND] and I have always stood ready to give our support to any alternative proposal which would do the job at hand as well or better than the Forand bill. The record for the present session of Congress will show to date a succession of unsuccessful attempts to develop such a workable alternative. It is, however, not too late for action.

NO GOOD CASE FOR THESE ALTERNATIVES

Last year Secretary Flemming reported to the Committee on Ways and Means that not only did the administration oppose the Forand bill, but also that no Federal action was necessary. Subsequently Senator JAVITS and others introduced their alternative to the Forand bill. Briefly this bill—S. 3350—would provide for Federal subsidies to States which provided subsidies to private organizations offering health insurance to the aged at a premium based on income. As the able gentleman from Michigan [Mr. MACHROWICZ], a member of the Ways and Means Committee pointed out, this was a pie-in-the-sky proposal for several reasons. First, it would be administratively impractical. Second, it would depend upon heavy financial outlays by the States, many of whom are already in fiscal difficulty. Third, even if all other obstacles were overcome, there would be no guarantee that the benefits provided would be any where near adequate in scope or amount. There are other objections to this plan such as the humiliation and administrative snooping involved in applying the income or needs test.

In the middle of March, the Committee on Ways and Means went into executive session to consider, among other things, health care for the aged. By this time, Mr. Flemming had changed his tune and began promising an administration alternative to the Forand bill.

The resulting proposal may have been designed by an outside consultant named Rube Goldberg. So far as I know, the administration proposal has not been reduced to draft legislation. It may be

well nigh impossible to do so. At any rate, the central idea seems to be that the Federal Government subsidize any State governments which are willing to go into the business of selling health insurance to the aged. Two new gimmicks were added called deductible and coinsurance. In simple terms the State health insurance policies would cover only 80 percent of yearly medical expenses in excess of $250. Even this coverage would be available only to persons who meet certain income limitations.

DIFFICULT TO ADMINISTER

This proposal has most of the same defects as the Javits' bill: It would be difficult and expensive to administer, it would place too heavy financial burdens on the States, and it has a needs test—called an income limitation. In addition the gimmicks mentioned above make certain that benefits will be inadequate.

The Committee on Ways and Means did not approve the administration proposal. The committee tried its hand at developing a reasonable alternative to the Forand bill but with no greater success than in earlier proposals.

THE VIGOR IS MISSING

As I see it, the committee proposal is a sort of cross between public assistance and the administration proposal. The result is a mongrel which does not promise a great deal of hybrid vigor. It is pretty much the same old story: The Federal Government would subsidize States which provided medical benefits to persons meeting a needs test. The deductible is also included under a different name. The public assistance programs under which payments made for medical care are to be beefed up.

It seems to me that all three of the alternative proposals show an unwillingness to face up to the problem and meet it squarely.

A NATIONAL PROBLEM

Health care for the aged is a national problem which requires a national solution.

There is a given number of aged persons who need more medical care than they can afford to buy. If we agree that they must have such care, we must also agree to pay for it one way or another. Proponents of alternative plans seem to feel that something can be had for nothing if only it is paid for out of State treasuries, some of which are already depleted. There are even more fundamental objections to these alternatives.

The greatest of these objections is the pauper approach whether you call it a needs test, or income limitation, or medical indigency. Because of the rising costs of medical care it is necessary, morally, socially, and economically that we help people help themselves

This can be an unpleasant business for all concerned. The taxpayer must bear the cost and the recipient must surrender his dignity and his independence.

LET US HELP PEOPLE TO HELP THEMSELVES

It would be much better from all points of view if we could help people to help themselves. That is what the Forand bill would do. It would make it possible for our people to pay in advance, during their working years, for the medical care they will need during retirement. An individual would receive medical benefits, not because some bureaucrat decided the individual was poor enough, but because he had paid for them out of his earnings.

Most of the people who oppose the Forand bill as a restriction of private freedom are blind to the fact that providing the individual an opportunity to provide for his own medical needs, is far more American and in keeping with the ideals of personal freedom than forcing him to rely on a handout from the public treasury.

CONSUMER REPORTS IS RIGHT

I think now that an article in the magazine Consumer Reports—June 1960—is probably right when it states that the social security approach is almost inevitable. No other reasonable alternative approach has been developed in months of intensive study and work. I see no prospect for the development of other reasonable alternatives in the immediate future. We cannot wait for the millenium before we act. Millions of people desperately need, want and deserve action now.

Of course, we have seen and shall continue to see bitter opposition to such legislation from the American Medical Association. To borrow a phrase, the AMA has been dragged, kicking and screaming, into the 20th century. Neither the kicking nor the screaming has yet shown any signs of subsiding.

I do not propose to go into ancient history, as some have done, to show that the AMA has always been cool to health and welfare programs. I am only concerned with their present attitude. Unfortunately, the AMA now seems to be committed to maintaining the status quo at any cost. I have long wished that the medical profession, as represented by the AMA, would join with us in constructive efforts to solve the health problems of the aged. I continue to be disappointed.

At first the AMA said the problem did not exist, that no one was denied adequate medical care because of inability to pay. In view of the evidence to the contrary such statements must be incredible even to the people who make them.

Moreover, in its efforts to mold public opinion against the Forand bill, the AMA has sometimes been careless with its facts. For instance in its pamphlet "Political Medicine Is Bad Medicine" the AMA tells the reader that the Forand bill would cost $2 billion in the first year. Secretary Flemming has said there is no justification for that claim.

Again the AMA states that under the Forand bill Federal officials would rule on the sort of treatment which must be provided and that a doctor might be prevented from prescribing necessary treatment. Of course, both these things are expressly prohibited by the bill.

WHO CAN EXPLAIN THE AMA POSITION?

The AMA has not fulfilled its responsibility to the people of the United States in providing leadership in the field of health care for the aged, nor has it been willing to allow others to supply that leadership. I am at a loss to explain the AMA's position, especially in view of the tremendous services that organization has rendered in improving medical techniques and raising the standards of professional skill. I can only surmise that we have reached the point where the supposed interests of the medical profession are in conflict with the interests of the people.

Whatever may be the cause of the open-mouth closed-mind policy of the AMA we should not allow it to sway our judgment as we consider urgently needed legislation to provide health care for the aged.

WEIRD BIDDING PROCEDURE OF THE ARMY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Ohio [Mr. VANIK] is recognized for 20 minutes.

Mr. VANIK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include newspaper articles and related material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VANIK. Mr. Speaker, last Friday afternoon Deputy Secretary of Defense James H. Douglas, at the request of Secretary of Defense Thomas S. Gates, Jr., replied to a speech I made in the House of Representatives on June 3, 1960. In my speech I criticized the "techniques" by which the Department of Defense had constructed an obstacle course to the use of the Government-owned Cleveland Ordnance Plant and "rigged" bidding procedures to favor the Food Machinery & Chemical Corp., in a $42 million contract to produce the M–113 armored personnel carrier for the Army.

Deputy Secretary Douglas' explanation of what is occurring in the bidding on this contract is evasive and vacillating and a complete dodge of the basic issues involved. In no way does it justify a procedure under which taxpayers will be forced to pay at least $6.5 million more than is necessary to get the M–113 production task done.

Deputy Secretary Douglas assures me in his letter of June 10, 1960, that bidding on this contract is being seriously studied at this very moment. In other words, he says that the Army is still trying to determine the best bid to save taxpayers' money.

At the very moment that Secretary Douglas attempts to comfort me with this assurance, I have learned that invitations were sent over 3 weeks ago by the Food Machinery & Chemical Corp. to a "preproduction party" to be held at San Jose—tomorrow. These invitations, issued 3 weeks ago, assumed that the Food Machinery & Chemical Corp. had the bids "sewed up," and that they would have this juicy $42 million contract "locked up" in their safe by party time—tomorrow.

Well, Mr. Speaker, they may have their party anyhow. But if they are wise, they should put the champagne back in the refrigerator. Frankly, they had better store up their champagne until after Congress goes home. The

Food Machinery & Chemical Corp. should know by now that this contract will under no circumstances be granted until Congress goes home.

In the last several months I began checking into the unusual circumstances fouling the air blanketing this bidding procedure. I found that Food Machinery & Chemical Corp. got its toe in the door on the M–113 contract under false pretenses. In 1957, when a contract was offered for researching and developing the M–113 troop carrier, Food Machinery & Chemical Corp. won it with a surprisingly low bid. It was $1.5 million, just one-half the next lowest bid submitted by a proven and economical producer of this type of vehicle.

Now what happened? After Food Machinery & Chemical Corp. won this contract with its bargain bid, it could not produce. Delays compounded delays. Costs mounted. Finally the Army had to rescue Food Machinery & Chemical Corp. by paying an additional $10 million on this contract to bail them out. This was the beginning of the series of extraordinary procedures favoring Food Machinery at an additional cost to the taxpayer.

Now, Mr. Speaker, on June 2, 1960, I alerted this House to the weird bidding procedures which were going on. I pointed out that the law provided that Army production was to take place in plants owned by the United States unless this proved uneconomical. I also pointed out that the Army paid Ford Motor Co. engineers $338,000 to survey the most suitable place where this and other vehicles of the airborne tank family could be made. The survey recommended production in the Cleveland Ordnance Plant from the standpoint of current needs, the mobilization base, and the lowest cost. Secretary Wilber M. Brucker approved the findings of the Ford survey and recommended it be carried out. The Department of the Army accordingly announced procurement on December 17, 1959, and in seeking to get maximum competition and the lowest cost, opened procurement to all prospective bidders with the option of using Government-owned plant and equipment or their own plant and equipment. At this point everything was going according to the law.

However, on February 24, the Department of Defense—which has no authority or responsibility for the signing of Army production contracts—erected an obstacle course against use of the Government-owned Cleveland plant. It provided that any private manufacturers using the Government-owned plant in Cleveland would be charged an exorbitant sum for the use of the plant and its equipment which would make its use completely uneconomic and unfeasible for any bidder. In addition, I declared that special tools at the San Jose plant of the Food Machinery & Chemical Corp.—already paid for by the Government—would not be available to anyone using the Cleveland plant.

My questions raised issues vital to Congress and to the taxpayers of America. At the very least I expected reasonable answers. Regretfully I could not find them in Secretary Douglas' reply.

In reply to my inquiry Secretary Douglas admits the Ford Motor Co. survey recommended production in the Government plant. This is what the Cleveland Ordnance Plant was most suited to do.

Despite this finding and despite the law and the recommendation of Army Secretary Wilber M. Brucker, Mr. Douglas makes the unreasonable statement that the Ford survey was not intended and did not take into consideration the production in private plants. Why spend $338,000 for the survey in the first place? Mr. Douglas then says that the survey and the Army recommendations did not jibe with Secretary of Defense and Joint Chiefs of Staff planning guidance. Planning guidance? Can we assume that the Army was unaware of the planning guidance when it first set up the bidding ground rules? Or were there other reasons? Could it be that the Army's sincere attempt to comply with the law in bidding procedure was suppressed by Pentagon planning guidance to guide contracts to friends and favored alumnae?

Secretary Douglas refers in his letter to the Armed Service Procurement Regulation and to the Bureau of the Budget Bulletin 60–2 which provides for an equalization of competitive opportunity with respect to the use of Government-furnished facilities. It would seem that the purpose of the Budget bulletin would be to eliminate Government competition to private industry in ordinary commercial activities. Are we to assume that its purpose was to ridiculously increase the burdens on the taxpayer by paying higher prices for using private facilities for defense production when suitable Government facilities, such as the Cleveland Ordnance Plant, are available?

In his answer to my statement that the Army recommended production of the M–113 in the Cleveland Ordnance Plant, as provided by the Ford report, Secretary Douglas admitted this was so. He then goes on to say that the Army's plan was rejected because it was "not in accordance with Secretary of Defense and Joint Chiefs of Staff planning guidance"—whatever that is. Does the Department of Defense believe that my curiosity is ended by this reference to elusive, unidentified, unexplained, uneconomical "planning guidance"? No.

In his further answer to my statement Mr. Douglas compares the Government's capital investment of about $10.6 million at Food Machinery as against the corporation's own capital investment in the sum of $5,850,000 in facilities for the Army lightweight vehicle program. Therefore the taxpayers' capital investment is 2 to 1 over the corporation's own investment in these facilities. How can the $10.6 million of taxpayers' money advanced to Food Machinery & Chemical Corp. be justified? Is this not the same $10.6 million which the Government had to pay Food Machinery to bail it out of its successful bid to develop the M–113 in the first place at a total cost of over $12 million when it could have been done for $9 million less by a bidder which never failed to meet its commitment in a long history of similar production?

Is this what Secretary Douglas means when he says the Army "will fairly evaluate the bids"? Of course not. It means instead that the Food Machinery & Chemical Corp.—the research and development contractor—which was rescued with Government millions to build its production line, is guaranteed a monopoly on the production work.

In his analysis of the evaluation factors, Secretary Douglas defends the rental charge when a Government plant is used but completely ignores a very important consideration. The Cleveland Ordnance Plant costs the taxpayers $760,000 per year to maintain it in idleness. This expense should certainly be deducted from a fair rental charge on the property. But can we expect the Department of Defense to be seriously concerned about a mere $760,000 in waste each year, when it is eager to waste $6.5 million to produce this equipment at Food Machinery Corp. instead of using a Government-owned plant?

In my statement I declared that anyone using Government equipment in the Cleveland Ordnance Plant would have to pay a prohibitive rental on such equipment based upon original cost, ignoring normal depreciation. In his reply Mr. Douglas states:

> Presumably the company will include in its price an allowance for depreciation on its own capital equipment.

Can we assume for one moment that a company which grabbed off the M–113 development bid for $1.5 million and then had to be bailed out by an additional Government payment of $10.6 million will have any scruples about omitting in its price an allowance for depreciation on its own capital equipment? My guess is that it will not. This corporation knows it is supposed to get the contract, thought it would have it locked up by now and had the champagne ready for tomorrow's party.

In conclusion Mr. Douglas' letter constitutes a substantial admission of most of the facts I have produced but is a complete dodge of the vital issues I have raised.

Following is a copy of my letter to Defense Secretary Thomas E. Gates, Jr., of June 2, 1960, and a copy of the Department of Defense replies submitted by Deputy Secretary of Defense James H. Douglas on June 10, 1960, along with comments on the allegations I made on the floor of the House on June 2, 1960, entitled "Weird Bidding Procedure of the Army":

JUNE 2, 1960.

HON. THOMAS S. GATES, Jr.,
Secretary of Defense,
Washington, D.C.

DEAR MR. SECRETARY: Today I took the floor of the House to question bidding procedures under which Army Ordnance procurement of the M–113 armored personnel carriers are currently being evaluated by your Department.

The word "evaluated" is used advisedly, because my examination of the facts indicates that under the extraordinary ground rules established for bidding, this contract can only be awarded to one prospective bidder, namely, the Food Machinery & Chemical Corp., of San Jose, Calif. I was startled to learn of the intricate devices which are being used to "figure in" the Food Machinery & Chemical Corp. and "figure out" any other

prospective bidder. My enclosed statement explains this in detail.

I have since learned that at least one of the five prospective bidders who attended a bidders' conference on this contract in Detroit on December 17, 1959, was told that it was futile to bid because the Pentagon had "indicated there already was a source for this material." This could only mean that the Defense Department had already made up its mind to award this $42 million contract to the Food Machinery & Chemical Corp. regardless of the cost involved.

This procedure makes a sham of the alleged bidding—I might say, a costly one to the taxpayer. In addition to the increased cost of this procurement, if it is produced in the Food Machinery & Chemical Corp. plant at San Jose, the military has incurred wasteful and unnecessary expense in first obtaining a costly independent survey by the Ford Motor Co. to determine where this production could most economically take place—both from the standpoint of current production needs and an adequate mobilization base.

Mr. Secretary, this survey flatly recommended that this production work be done in the Government-owned Cleveland Ordnance Tank Plant now standing idle at a cost to the taxpayer of over $2,000 each day for maintenance alone.

Compounding the waste of the survey, the Defense Department staff ordered a real-estate appraisal, made by the Cleveland Real Estate Board, to determine the rental value of the Cleveland Ordnance plant which never was expected or intended to be used in the first place. This bidding procedure is so irregular and so definitely contrary to the declared intent of Congress on the economic use of Government plants when they are available that I am certain these questionable practices could not have been within your knowledge.

I respectfully submit this letter with the urgent request that you personally look into this matter at the earliest possible moment. A bid decision under these highly questionable ground rules is imminent.

Sincerely yours,

CHARLES A. VANIK,
Member of Congress.

THE SECRETARY OF DEFENSE,
Washington, June 10, 1960.

HON. CHARLES A. VANIK,
House of Representatives.

DEAR MR. VANIK: Secretary Gates has asked that I reply to your letter of June 2, 1960, to which you attached a copy of your speech made in the House of Representatives on the subject of the proposed award to be made by the Department of the Army for the production of the M–113 vehicles, and requested that Mr. Gates personally look into this matter at the earliest possible moment.

In this letter you raised several points concerning the bidding procedures used in this particular proposed procurement.

Upon receipt of your letter, Mr. Gates requested a review of your contentions be made by the Department of the Army, and by elements of his staff. The results of that review have been submitted to me.

The methods and procedures under which this procurement is being made are in accordance with established policies of the Department of Defense contained in both the Armed Services Procurement Regulation (ASPR) and in the Bureau of the Budget (MBOB) Bulletin 60–2. By these established policies we seek to assure that all interested elements of our industrial complex are given an opportunity to make their bids for this procurement on an equal competitive basis. This procurement is presently under consideration by the Department of the Army and will be evaluated in accordance with the above established policies.

In your letter you raised the question of the survey that was made on the request of the Department of the Army by the Ford Motor Co. The Ford Motor Co. was employed to survey selected Government-owned plants that had been predetermined by the Department of the Army as part of a concept for the establishment of a production base for combat vehicles. It was not intended and did not take into consideration the capabilities of private industry to produce the equipment. The Army's plan for the realinement of the mobilization base for production of combat and tactical vehicles in the Government-owned plants in Detroit, Lima, and Cleveland, which were informed, took into consideration the Ford Motor Co. study, was not approved by the Office of the Secretary of Defense since requirements were not in accordance with the Secretary of Defense and Joint Chiefs of Staff planning guidance.

It has always been the policy of the Department of Defense to assure wherever possible that there is competition in all items being procured. The Department of the Army in its initial announcement of the proposed procurement on December 17, 1959, seeking to get maximum competition, opened the proposed procurement to all interested parties with the option of using Government-owned plant and equipment or their own plant and equipment.

Following the initial announcement of the proposed procurement, the attention of the Army was called to the fact that the Armed Services Procurement Regulation required that there be an equalization of competitive opportunity with respect to the use of Government-furnished facilities. This regulation requires that bids of firms proposing to use Government facilities, without charge, have added to them for evaluation purposes an amount equal to the fair rental value of such facilities. In this way bidders using privately owned facilities are not placed in an unfair competitive situation. This policy is not new. It applies to all bidders in the proposed procurement of M–113 vehicles including the Food Machinery & Chemical Corp., to the extent that that firm will use Government-owned facilities. They are currently using such facilities to a considerable extent. This procedure is consistent with Bureau of the Budget Bulletin 60–2, the requirements of which were also called to the attention of bidders on this procurement.

For your information, the Food Machinery & Chemical Corp., is the developer of the M–113 vehicle and is currently the only producer. Its current contract will expire some time around the first of next year.

You called to our attention the provisions of section 4532(a) of title 10, United States Code, which provides that the Secretary of the Army shall have supplies needed for the Army made in factories or arsenals owned by the United States so far as those factories or arsenals can make the supplies on an economical basis. It is the intention of the Secretary of the Army to comply with this statute.

The procurement of the M–113 armored personnel carriers has been the subject of many inquiries made on the Department of Defense in recent weeks. I am submitting information consistent with this letter to the other interested parties that have made inquiries in this regard. The Department of the Army is familiar with the contents of this letter and agrees with the statements that I have made.

From the foregoing I have concluded that the methods used in this procurement are sound and are in accordance with established policy. Your charges that they are rigged are unfounded.

I hope this letter will serve to clarify any misunderstandings that might have developed as a result of this proposed procurement. I will be glad to furnish any comments you may require.

Sincerely,

JAMES H. DOUGLAS,
Deputy.

COMMENTS ON THE ALLEGATIONS CONTAINED IN THE STATEMENT MADE BY CONGRESSMAN VANIK, ON THE FLOOR OF THE HOUSE, JUNE 2, 1960, TITLED, "WEIRD BIDDING PROCEDURE OF THE ARMY"

Statement: "Mr. Speaker, at this very moment the Defense Department is getting ready to make an award of a $42 million contract for the production of light armored personnel and weapons carriers for the Army. This contract will cost the taxpayers of America at least $6½ million more than it should."

Fact: The Department of the Army is currently evaluating the proposals. The Office of the Assistant Secretary of Defense (Supply and Logistics) has not asked for or received any information as to the proposals made by the offerors in connection with this procurement.

We know of no basis for the above contention.

Statement: "'By induced manipulation' the Logistic Section of the Department of Defense completely shatters the ordinarily efficient and decent methods of procurement which had generally been characteristic of the Army."

Fact: Procurement practices are governed by the Armed Services Procurement Regulation (ASPR).

Section 13–407 of ASPR prescribes the methods of using evaluation factors in procurement situations where competitive bidders quote on both the utilization of private facilities and the utilization of Government-owned facilities.

Comment: Following the intial announcement of the proposed procurement, the attention of the Army was called to the fact that the Armed Services Procurement Regulation required that there be an equalization of competitive opportunity with respect to the use of Government-furnished facilities. This regulation requires that bids of firms proposing to use Government facilities, without charge, have added to them for evaluation purposes an amount equal to the fair rental value of such facilities. In this way bidders using privately owned facilities are not placed in an unfair competitive situation.

Other pertinent detail: Equivalent evaluation factors are required in evaluations under the Bureau of the Budget Bulletin 60–2.

The Assistant Secretary of Defense (Supply and Logistics) has only required that the military departments adhere to the provisions of ASPR and to the provisions of BOB 60–2.

Statement: "In 1958 the Army Ordnance Corps conducted extensive studies to determine a combat vehicle and tank production base, utilizing existing Government-owned facilities and equipment. This is fully in accord with the laws enacted by Congress with specific application to Army procurement. Section 4532(a) of title 10 specifically says: 'The Secretary of the Army shall have supplies needed for the Department of the Army made in factories or arsenals owned by the United States, so far as those factories can make those supplies on an economical basis.'

"In other words, Congress told the Department of the Army that its ordnance production should take place in Government plants unless a finding was made that such production was uneconomical."

Fact: The statute actually requires that a determination be made that the production in Government-owned plants is economical, not that it would be uneconomical to place such production in privately owned facilities. What constitutes economical production in Government-owned facilities must be decided on a case-by-case basis. It is not until the bids on a particular procurement are evaluated that this decision can be made.

Statement: "Last summer, at considerable expense, the Department of the Army contracted for outside engineering service to determine the most suitable plants, either private or publicly owned, for the economic production of its light tank and personnel carrier family. The Ford Motor Co. was thereafter retained to provide engineers who would survey and determine where the Army could most economically and most suitably produce tank and personnel carriers, including the M–113 personnel carrier. This determination would be made on the basis of current productive capacity and possible mobilization needs."

Fact: During fiscal years 1958 and 1959 the Army developed a concept for establishment of a production base for combat vehicles utilizing Government-owned plants. The Ford Motor Co. was employed to survey the selected plants to determine whether or not specified mobilization rates of production could be obtained in these plants. In addition the Ford Motor Co. contract called for plant layouts, process sheets, tool selection, and certain other industrial engineering data.

Statement: "Thus, Mr. Speaker, Congress made it crystal clear that insofar as the Army is concerned production of military hardware would be an inhouse operation wherever possible, utilizing whatever plants or equipment were already bought and paid for by the taxpayer.

"After exhaustive and comprehensive studies, the engineers of the Ford Motor Co. concluded that the Government-owned Cleveland Ordnance Plant was most efficiently suited to do the production job on the light tank family including the M–113 personnel carrier. This plant was also determined as most capable to meet this productive need and any future mobilization requirements that were necessary.

"Army Secretary Wilber M. Brucker approved the findings of the Ford survey including the production base plan and submitted their recommendations for approval by the Department of Defense on August 13, 1959."

Fact: On August 13, 1959, the Department of the Army submitted a proposal for the realinement of the combat vehicle production base to the Assistant Secretary of Defense (Properties and Installations), and subsequently gave a briefing in the conference room of the Assistant Secretary of Defense (S. & L.) which was attended by representatives of P. & I., S. & L., and the Comptroller. The briefing on the proposed realinement showed that the Army proposed to use the Detroit Arsenal and the Lima Modification Center for production of the medium combat vehicle family (3), and the Cleveland Ordnance Plant for the production of the light combat vehicle family (8), including the M–113 personnel carrier.

This proposal took into consideration the Ford Motor Co. study. This study determined that the Cleveland Ordnance Plant, when suitably equipped with machine tools, could meet the proposed mobilization monthly production rates for the several vehicles in the light combat vehicle family including the M–113 armored personnel carrier.

Statement: "Thus, the recommendation obtained through a private engineering survey, reviewed by the Ordnance Corps, and approved by the Secretary of the Army, for all practical matters determined that this production work should take place in the Cleveland Ordnance Plant.

"Let us take a quick look at this plant. Nowhere in America is there a comparable production facility for these purposes—25 acres under roof, $130 million worth of modern machinery—all idle. And, in order to keep it idle the Government is spending $760,000 a year or about $2,000 every single day of the year for absolutely nothing.

"Just how does the Department of Defense get around these unassailable hard facts and the intent of Congress?"

Fact: As stated before, the Ford Motor Co. study determined that the Cleveland Ordnance Plant, when suitably equipped with machine tools, could meet the proposed mobilization monthly production rates for the several vehicles in the light combat vehicle family including the M–113 armored personnel carrier. This study did not determine that this production work should take place in the Cleveland Ordnance Plant.

When the evaluation of the proposals are completed it will be possible to determine whether it is more economical to the U.S. Government to produce the M–113 vehicle in a private plant or in the Government-owned Cleveland plant. The Secretary of the Army cannot make a determination without the benefit of these proposals.

Comment: The Army's plan for the realinement of the mobilization base for production of combat and tactical vehicles in the Government-owned plants in Detroit, Lima and Cleveland was not approved by the Office of the Secretary of Defense since requirements were not in accordance with the Secretary of Defense and Joint Chiefs of Staff planning guidance.

Statement: "With all these hard facts pointing toward use of the Cleveland Ordnance Plant, I am absolutely convinced that it is impossible for this to happen—because everything is rigged to send this production work somewhere else. In other words, to take it from a Government-owned plant and hand the gravy to a private plant which will charge the taxpayer at least $6½ million more for use of its plant and equipment. This is mighty good for that plant's stockholders, particularly since the machinery it will use will be charged off to the taxpayers."

Fact: Food Machinery & Chemical Corp., is already in production on the M–113 personnel carrier. The quantity under current contract is 900 vehicles. The first vehicle was delivered in February 1960 and the last one is secheduled for acceptance in January 1961.

Food Machinery was designer and developer of the M–113. It holds the VEA (Vehicle Engineering Agency) contract.

The M–113 supersedes the M–59 personnel carrier, and Food Machinery produced all of the M–59's from Korea to February 1960.

FMC reports it has made substantial capital investments in facilities for the Army light weight vehicle programs in this type of equipment and estimates it represents:

Land	$350,000
Buildings	2,900,000
Machinery and equipment	2,600,000
Total	5,850,000

This compares with the Government's capital investment of about $10.6 million at FMC a large portion of which is now being used in the production of M–113.

Both the private investment and the Government investment are applicable to the M–113 program. (Prior investments in the M–59 which are not applicable to the M–113 program are not included in these figures.)

Comment: This vehicle has never been produced in a Government-owned plant.

Statement: "And who do you suppose is getting the breaks on this contract?—the Food Machinery & Chemical Corp., of San Jose, Calif., which has had more success with its ordnance division comparatively speaking, than any other defense production company in America. This company, by its own admission, in a 2-page edition of the Air Force magazine of June 1960, paid for by the taxpayers, says that since 1941 it has designed and built more types of military-standardized tracked vehicles than any other company in America.

"Now, Mr. Speaker, I have no objection to successful private enterprise but I vigorously object to such production taking place under circumstances which increase the cost to the Government. In other words, why should this corporation be permitted to build this important military hardware in its San Jose plant, when there is every reason in the world to believe that the same work could be done by a private contractor for $6½ million less in the Government-owned plant in Cleveland or some other Government-owned facility?"

Fact: Food Machinery & Chemical Corp. placed an advertisement in the June 1960 issue of the Air Force magazine, a publication issued by the Air Force Association, a nonprofit organization, which contains the statement attributed to the company by Congressman VANIK.

Comment: The Department of the Army cannot make a prejudgment as to where the production should be located. It will evaluate fairly the bids and make an award to the lowest evaluated bid in accordance with the ASPR. The Food Machinery proposal will be evaluated in the same manner as a proposal utilizing Cleveland. The rental factors will apply to the Government-owned equipment in Food Machinery as well as Government-owned plant in the same way as it will apply in proposals to utilize Government-owned equipment in the Cleveland plant.

Statement: "Here is how the bidding is rigged against the use of the Cleveland Government-owned plant.

"On December 17, 1959, officials of the Ordnance Tank Automotive Command held a bidders' conference at Detroit, Mich., on the production of light armored personnel carriers and the M–113 tanks. At this meeting prospective bidders were told that there would be no penalty or evaluation for use of Government-owned plants and equipment. The bidding could therefore be made on the basis of out-of-pocket cost including the use of Government-owned plants and facilities. This proposal fully complied with the will of Congress expressed in section 4532(a) of title 10 of the United States Code. This proposal also would have resulted in lower bids reflecting the use of Government-owned facilities and equipment. The savings resulting from the use of Government-owned equipment would have been passed on to the taxpayer."

Fact: No representative of the Office of the Secretary of Defense was present at the December 17, 1959 bidders' conference nor should there have been. Notes on this conference held by the Department of the Army indicate that the "out-of-pocket" method of evaluating cost was to be used as stated by Congressman VANIK. However, this method of evaluation would be contrary to the ASPR, and the Bureau of the Budget Bulletin 60–2. The bidders' conference covered the procurement of the M–113 vehicles.

When it was brought to the attention of the Assistant Secretary of Defense (S. & L.) staff that the Request for Proposals for the M–60 and M–88 contained these provisions, a series of conferences were held with the Department of the Army. The Assistant Secretary of Defense (S. & L.) issued a memorandum on January 22, 1960 requiring that provisions of BoB Bulletin 60–2 be applied to the procurement of all of the vehicles referred to above. The Assistant Secretary of the Army replied on January 28, 1960, that the RFP for the M–60 and M–88 would be amended to provide that evaluation of proposals would be made in accordance with all applicable provisions of the ASPR and BoB Bulletin 60–2. Also that the Request for Proposals for the M–115 would also be so worded.

Statement: "Now, what happened.

"Well, Mr. Speaker, on February 24, 1960, when requests for proposals were made for production of the M–113 vehicles, the Department of Defense made a turnabout. It directed that proposals for production could be made on one of two options: First, exclusive production in the bidders' private plant; or second, production in the Government-owned Cleveland Ordnance Plant.

"However, if the Cleveland Ordnance Plant were used, the bidder faced insurmountable barriers, which made production in the Government-owned plant economically impossible.

"First of all, the bidder would be obliged to pay a rent penalty on the Cleveland Ordnance Plant of 5.5 cents per square foot per month, or a total of $67,200 per month for the entire plant—even though the plant was only partially used. This alone is an impossible financial burden on a bidder using the Government plant in Cleveland. The total additional cost to a bidder would be almost $1,280,000 over the contract period."

Fact: Notes of the Department of the Army on the bidders conference held at OTAC on December 17, 1959, clearly provide that contractors may submit proposals for "either or both of the following options:

"Option 1, production utilizing the Cleveland Ordnance Plant.

"Option 2, production solely at privately owned plant."

The provision on rental factors referred to is in accordance with the ASPR regulations and the intent of Congress. In the case of the M–60 and M–88 procurement, the Department of the Army used local real estate boards to establish a fair rental factor for use of Government-owned plants that would reflect local conditions.

Comment: The two options included in the request for proposal by the Department of the Army to use Government-owned or privately owned plants are in accord with Army policy to create competitive bidding for the procurement of these vehicles. In this way Army hopes to obtain the maximum amount of production for the least amount of expenditure. OSD did not participate in nor had knowledge of the inclusion of these options, since this was determined by the Department of the Army before the December 17, 1959, conference.

The Department of the Army used local real estate boards to establish the rental factor for the Government-owned plants to be used for production of the M–113 vehicle.

The Government-owned facilities which are available for use by Food Machinery will be evaluated on an exactly equivalent basis. Obviously, the appropriate charges attributable to Food Machinery's privately owned facilities will be included in their bid price.

Statement: "This should be rigging enough, Mr. Speaker, to thoroughly discourage anyone planning or hoping to use the Government-owned plant in Cleveland.

"But no, Mr. Speaker, there are more roadblocks in the path of economy. If Government-owned production equipment in the Cleveland ordnance plant are used, the producer may pay a prohibitive rental based on what they cost new. This completely denies any consideration for the present depreciated value of this equipment."

Fact: ASPR 13–407 requires under the "Right of a Contractor to Use Industrial Facilities" (which includes production equipment) that a fair rent will be charged or will be used in the evaluation of, a bid to produce services or supplies. It provides that the rent be based on the rates provided in ASPR 13–601.

Comment: Accordingly, any Government-owned equipment used in the Cleveland ordnance plant to produce the M–113 or used elsewhere by Food Machinery or by any other contractor will be affected in the evaluation by the same rate prescribed by ASPR. These rates range from 1¾ percent per month of the acquisition cost for equipment 2 years old or less, to three-fourths of 1 percent for equipment more than 10 years old. In effect, age of equipment determines the differences in the dollar amount for evaluating purposes for all contractors. Presumably the company will include in its price an allowance for depreciation on its own capital equipment.

Statement: "In the unlikely circumstance that anyone could overcome these obstacles the Department of Defense has devised one final scheme to insure that the Food Machinery & Chemical Corp. gets this contract. The contract proposal stated that bidders are required to add to their cost figure the cost of special tooling they will need for this production. The gimmick here, of course, is that in the plant of Food Machinery these special tools have already been made available at public expense and are in use. No other bidder can conceivably bid against such brazenly rigged conditions."

Fact: The request for proposal provides on page 3, item c, as follows: "The cost of special tooling, as defined in ASPR 13–101.5, will be amortized in the end item price, but must be listed below the profit line. No profit on the cost of special tooling will be allowed. The total cost of special tooling will be used in the evaluation. In addition, the total cost of special tooling acquired for or paid for by the Government under any other contract for M–113 carrier production and which will be used on this contemplated contract will be evaluated."

Comment: It is clear from the above that all proposals will be affected alike. Any special tooling previously provided to Food Machinery by the Government on the contract in effect will be included by the Department of the Army in the evaluation. Any costs attributable to the use of special tooling owned by Food Machinery will be included in their bid price.

Statement: "Now, Mr. Speaker, the Army Ordnance Corps has done an exemplary job in military procurement. Its procurement contract costs have been the most economical in the military service. The Army Ordnance Corps recommended the use of the Cleveland Ordnance Plant for the M–113 production. So did the independent engineers of the Ford Motor Co.

"Mr. Speaker, Army Secretary Wilber Brucker, a fine and honorable gentleman, concurred in this recommendation. He certainly does not desire to pile extra burdens on the taxpayer.

"Despite this overwhelming evidence in favor of making Army vehicles in the Government-owned plant in Cleveland someone in the upper reaches of the Department of Defense said "No" and erected the impossible roadblocks in the path of sensible economy.

"Mr. Speaker, I cannot believe the Defense Secretary Thomas Gates is aware of what is going on here. It is high time he gave a hard look at what is going on in this weird bidding procedure."

Fact: The only requirement of anyone in "upper reaches of the Department of Defense" has been that the Armed Services Procurement Regulation as well as provisions of Bureau of the Budget Bulletin 60–2 be followed.

[From the Cleveland Press, June 2, 1960]

VANIK CHARGES PENTAGON COSTS CITY 3,000 JOBS

(By Robert Crater)

WASHINGTON.—The Pentagon today was accused of rigging a $42 million military contract to keep the work from being done at Cleveland tank plant.

About 300 are now employed to maintain the plant. An estimated 3,000 would be hired if the contract were awarded to Cleveland.

Bidding procedures are designed to favor a private firm, the Food Machinery & Chemical Corp., San Jose, Calif., Congressman CHARLES A. VANIK was prepared to tell Congress today.

"I can't believe Defense Secretary Thomas Gates is aware of what is going on," the Cleveland Congressman said. "It's high time he gave a hard look at this weird bidding procedure."

The Army is studying bids for production of 1,380 M–113 armored personnel carriers light enough to be airdropped. A decision is expected soon. Food Machinery Corp. is working on a pilot order.

VANIK said award of the big contract to the California plant rather than to the Government-owned Cleveland plant would cost taxpayers an additional $6½ million.

He said Congress told the Army to make its equipment in Government-owned plants unless it was uneconomical to do so.

PLANT MOST SUITED

In addition, Ford Motor Co. engineers in a survey ordered by the Army, declared the Cleveland plant most suited for making light tanks and armored vehicles, such as the M–113 carrier, VANIK said. Army Secretary Wilber Brucker concurred and recommended the Cleveland facility be used, he said.

"But, someone in the upper reaches of the Department of Defense said 'no' and erected impossible roadblocks in the path of sensible economy," Congressman VANIK said.

These "roadblocks" against use of the Cleveland plant, according to VANIK, included:

Policy turnabout by the Department of Defense which created insurmountable barriers for bidders planning to use the Cleveland facility.

Declaration that anyone using the Cleveland plant would have to pay an additional rental of $67,200 a month or about $1,280,000 over the life of the contract.

Setting the life of the contract at 19 months instead of a normal 12.

A requirement that bidders add to their normal bid the cost of special tooling they would need at Cleveland.

"The gimmick here, of course, is that in the plant of Food Machinery these special tools have already been made available at public expense and are in use," VANIK declared. "No other bidder can conceivably bid against such brazenly rigged conditions."

VANIK said any one of the Pentagon's roadblocks against use of the Cleveland plant should be enough to discourage bidders, but that together they virtually rule out the Ohio plant.

SHOCKING PICTURE

"Here is a shocking picture of how economy loses out in military bidding," he said.

If the Cleveland Ordnance Plant loses the $42 million M–113 contract its future is dismal, military sources said. The 28-acre facility housing $130 million worth of machinery is gathering dust on a military standby basis.

Cadillac Division of General Motors manages the plant for the Army. It was one of six firms which attended bidding briefing by the Army in Detroit February 24.

In February 1959 then Defense Secretary Neil McElroy promised Ohio Congressmen the Cleveland plant would receive "full consideration" in the award of future Army contracts.

[From the Cleveland Plain Dealer, June 3, 1960]

CITY IS LOSING RIGGED U.S. PACTS—VANIK

WASHINGTON.—Representative CHARLES A. VANIK charged on the floor of the House yesterday that the Defense Department is rigging contracts involving Cleveland. He said this would cost American taxpayers millions.

The Cleveland Democrat said that at this very moment the Defense Department was getting ready to make an award of a $42

million contract for production of light armored personnel and weapons carriers.

"This contract," VANIK told the House, "will cost the taxpayers of America at least $6,500,000 more than it should.

"By induced manipulations the logistic section of the Department of Defense completely shatters the ordinary efficient and decent methods of procurement which have generally been characteristic of the Army."

SHOCKING PICTURE

He called it a shocking picture of how economy loses out in military bidding.

He said exhaustive and comprehensive studies showed that the Government-owned Cleveland tank plant was most efficiently suited to do the production job on the light tank family, including the M–113 personnel carrier.

This plant, he said, was also determined as most capable to meet this productive need and any further mobilization requirements that may be necessary.

"Just how does the Department of Defense get around these unassailable hard facts and the intent of Congress?" VANIK asked.

"RIGGED" TO GO ELSEWHERE

With all these hard facts pointing toward use of Cleveland's ordnance plant, I am absolutely convinced that it is impossible for this to happen—because everything is rigged to send this production work somewhere else."

In other words, VANIK added, to take it from a Government-owned plant and hand "the gravy" to a private plant will cost the taxpayers at least $6,500,000 more for the use of its plant and equipment.

"This is mighty good for that plant's stockholders, particularly since the machinery it will use will be charged off to the taxpayers."

The Cleveland Congressman said he had no objection to successful private enterprise. But, he insisted, he vigorously objected to such production taking place under circumstances that increase the cost to the Government.

ARMY'S HANDS TIED HERE

Army officials here have no say in award of the contract, Col. Ross R. Caldwell, head of the Cleveland Ordnance District, said last night.

Because of the contract's size and the fact that bidders are located in several of the ordnance districts, the decision will be made at the Pentagon.

Neither Colonel Caldwell nor Ralph M. Besse, civilian adviser to the district, could predict the next step in the dispute. Besse said local ordnance officials' only role had been to show facilities here to Pentagon officials.

[From the Cleveland Press, June 3, 1960]

VANIK ASKS PROBE OF BID RIGGING TO BAR USE OF TANK PLANT

(By Robert Crater)

WASHINGTON.—Defense Secretary Thomas S. Gates, Jr., was asked today to investigate rigged bidding on a $42 million contract involving Cleveland Tank Plant.

Congressman CHARLES A. VANIK, Democrat, of Cleveland, in a letter to Gates charged that a bidders' conference in Detroit, December 19 was a "sham."

"One of the five prospective bidders was told that it was futile to bid because the Pentagon had indicated there already was a source for this material," VANIK wrote.

Urging Gates personally to look into the matter at the earliest possible moment, the Cleveland Congressman reminded the Secretary that a bid decision was imminent.

VANIK told the House of Representatives yesterday the Pentagon had rigged bidding on the big production contract to keep the work from being done in Cleveland.

Yesterday Army Secretary Wilber Brucker recommended that $42 million worth of M–113 Army personnel carriers be made at Cleveland Tank Plant, but that someone in the upper reaches of the Defense Department had set up impossible roadblocks against this happening.

He charged that bidding procedures set up by the Department favored the privately owned Food Machinery & Chemical Corp. plant at San Jose, Calif. He said it would cost taxpayers $6½ million more to have the work done by Food Machinery rather than at the Government-owned Cleveland facility.

Food Machinery is producing a pilot contract of the airborne-type troop carriers. Its special tools could easily be moved to Cleveland to do the job there, VANIK stated.

In his letter to Gates, VANIK challenged the Pentagon's evaluation of bids.

"My examination of the facts indicate that under the extraordinary ground rules established for bidding this contract can only be awarded to one prospective bidder; namely, the Food Machinery & Chemical Corp. of San Jose, Calif."

Cadillac Division, which manages the Cleveland plant for the Army, attended the bidders' conference in Detroit in December.

"I was startled," VANIK wrote Gates,"to learn of the intricate devices which are being used to figure in Food Machinery & Chemical Corp. and figure out any other prospective bidder."

He said the Defense Department's warning to one bidder that it already had a production source for the carriers "could only mean the Department had already made up its mind to award (the contract) to Food Machinery regardless of the cost involved.

"This procedure makes a sham of the alleged bidding—I might say, a costly one to the taxpayer."

"We are hopeful the Cadillac Division of General Motors will be successful in their bid for this contract," Col. Ross Caldwell, Deputy Chief of the Cleveland Ordnance District, said today.

Cadillac would produce the $42 million worth of armored personnel carriers at the Cleveland Tank Plant.

"The whole matter rests with the Chief of Ordnance in Washington, the Secretary of the Army and higher echelons," Colonel Caldwell said.

[From the Cleveland Press, June 3, 1960]

VANIK IS ON TARGET IN BOMBER PLANT BLAST

Congressman VANIK is doing this community a fine service by trying to bring the huge bomber plant back to economic life.

No one could reasonably argue, of course, that contracts should be assigned to the plant simply to pump money into Cleveland.

But VANIK offered convincing arguments that a $42 million contract for light personnel carriers could be filled here more efficiently than elsewhere.

He further brought to light some contract conditions which strongly suggest that a deliberate effort is under way to steer the work to California and away from Cleveland.

The procedures for assigning military contracts are so complicated, and so loaded with angles, that constant vigilance is necessary.

By smoking out the angles on this contract, VANIK has exercised this kind of vigilance, and the community is grateful to him.

[From the Cleveland Press, June 4, 1960]

VANIK SAYS $338,000 TANK SURVEY IGNORED

(By Robert Crater)

WASHINGTON.—The Army paid $338,000 for a recommendation which Pentagon officials are shoving aside, Congressman CHARLES A. VANIK, Democrat, of Cleveland, charged today.

The recommendation was in a Ford Motor Co. engineers' survey which pinpointed Cleveland Tank Plant as the logical facility for making Army light armored personnel and weapons carriers, VANIK said.

"I'm shocked to learn the Army spent so much for a qualified survey which is getting so little consideration by the Department of Defense, and which the Department never intended to consider seriously," Congressman VANIK said.

Meanwhile, Defense Secretary Thomas S. Gates, Jr., has assured Senator FRANK J. LAUSCHE, Democrat, of Ohio, he will look into the bidding involving the Cleveland plant. The Senator was aroused by reports of bid rigging and phoned Secretary Gates' office immediately.

Senator STEPHEN M. YOUNG, Democrat, of Ohio, pledged his cooperation today.

"Congressman VANIK's doing a good job and I'll support him in his efforts," he said.

VANIK has charged the Pentagon with rigging a $42 million contract for Army personnel carriers to keep the Government-owned Cleveland Tank Plant, now on standby basis, from getting the work.

He claims a privately owned firm, Food Machinery & Chemical Corp., San Jose, Calif., is being favored by someone high up in the Defense Department.

Congressman VANIK said he has tried unsuccessfully to get details of the Ford survey.

[From the Cleveland Press, June 6, 1960]

HOUSE PROBE IS URGED IN BID RULES RIGGING—VANIK PRESSES FOR AIRING OF TANK PLANT DEAL

(By Robert Crater)

WASHINGTON.—Congressman CHARLES A. VANIK, Democrat of Cleveland, today called for a congressional probe of bidding procedure set up by the Pentagon on a $42 million defense contract.

He charged "manipulation, special interest and favoritism" in bidding procedure designed to keep the work from being done at Cleveland Tank Plant. Awarding the contract to Cleveland would mean employment for 3,000.

"A thorough investigation is warranted," he declared. "For this reason I have requested the Armed Services Subcommittee for Special Investigations to give this rigged bidding a very thorough going over."

The subcommittee, noted for its probes into excessive and irregular spending in the military, is headed by Congressman F. EDWARD HÉBERT, Democrat of Louisiana.

VANIK has been attacking "ground rules" set up by the Department of Defense on bidding for the production of $42 million worth of M–113 armored troop carriers.

He claims Cleveland Tank Plant, owned by the Government and now on standby basis at a cost of $2,000 a day, stood to lose out to the privately owned Food Machinery & Chemical Corp., San Jose, Calif. This, VANIK said, would cost taxpayers an additional $6,500,000.

"Favoritism" and "special interest" were indicated, he charged, because "someone in the upper reaches" of the Defense Department rejected Army Secretary Wilber Brucker's recommendation that the work should be done in Cleveland.

VANIK also pointed to a $338,000 Ford Motor Co. survey which named Cleveland Tank Plant as the logical facility for making the Army family of light armored personnel and weapon carriers. The Army ordered this survey and paid for it.

[From the Cleveland Plain Dealer, June 7, 1960]

VANIK SEEKS INVESTIGATION OF TANK CONTRACT RIGGING

WASHINGTON.—Representative CHARLES A. VANIK yesterday pressed for a congressional investigation of Defense Department contract policies involving the Cleveland Ordnance Plant.

In a letter to Representative F. EDWARD HÉBERT, Democrat, of Louisiana, chairman of the House Special Investigations Subcommittee on Armed Services, the Cleveland Democrat reiterated charges that a $42 million light tank contract was being "directed" to the Food Machinery & Chemical Corp. of San Jose, Calif.

In a floor speech last week VANIK charged that contract rules were rigged so that the California company would get the contract.

He said that prejudicial and costly specifications were drawn contrary to Army recommendations and a private survey which said the work should be done at the Government-owned Cleveland plant.

CHARGES "PRESSURE"

The shuffle in bid specifications was obviously designed to accommodate high political pressures almost at the summit for the benefit of Food Machinery, VANIK wrote HÉBERT.

He asked the subcommittee chairman to hold such hearings as necessary to determine:

Why the report of the Ford Motor Co., recommending "consolidated" production at the Cleveland Tank Plant was disregarded?

Who prompted the submission of three different sets of specifications for bidding on the M–113 and why?

Why the final specifications were "loaded" unfairly and discriminated in favor of Food Machinery.

DISREGARDS ECONOMY

Why the Department of Defense disregards the economical use of its own facilities and investment contrary to the desire and recommendation of the Ordnance Corps and the Department of the Army for such economic use?

Why the cost to the Government of this production contract should be ridiculously increased when available Government facilities and machinery are not used but are maintained in stand-by condition at costs approximating $760,000 annually?

Why substantial and important bidders with productive experience and know-how indicate apathy in competing against Food Machinery on this contract?

VANIK said that as a Representative from the Cleveland area, he had "a vital interest" in the productive use of the Government-owned facility. If it is not used in defense production it should be increased for private production, he told HÉBERT.

[From the Cleveland Press, June 7, 1960]

WHY? WHY? WHY?

Circumstances surrounding efforts to steer a $42 million military order away from the idle Cleveland Tank Plant are so mysterious that the congressional Armed Forces Subcommittee certainly should investigate.

In fact, so many questions have been raised that the committee simply can't ignore them.

Such things as:

Why the continuing effort to steer the contract to California, despite a specific recommendation by the Ford Motor Co. (after a $338,000 survey) that the work be done here?

Why the Pentagon is overlooking the specific recommendation of the Secretary of the Army that the order be filled here?

Why does the Defense Department disregard savings estimated at $6,500,000 if the work is done in Cleveland?

The congressional inquiry was asked by Congressman VANIK, who brought these curious questions to public attention.

He wants answers.

So, too, should the congressional subcommittee, which has the specific responsibility for keeping an eye out for angles in defense bidding.

And the people of Cleveland want an answer, too.

Partly because it's important to the local economy that the big tank plant be put to work.

And just as important, because, as taxpayers, they don't understand why this work should be done elsewhere if it can be done less expensively here.

[From the Cleveland Press, June 7, 1960]

FIRM SEES NEW PLUMS IF RIGGED BID WINS

(By Robert Crater)

WASHINGTON.—The California firm favored by rigged bidding to win a $42 million contract for Army vehicles from Cleveland Tank Plant sees big new orders ahead if it wins this one.

"Several companion vehicles also are under development and test," Food Machinery & Chemical Corp., Inc., of San Jose, Calif., boasted in this year's report to stockholders.

Congressman CHARLES A. VANIK, Democrat of Cleveland, charges the Pentagon bidding is rigged against Cleveland. He asked Congress to investigate. Senator FRANK J. LAUSCHE, Democrat of Ohio, has requested Defense Secretary Thomas Gates to look into the matter.

The Army is studying bids for 1,380 M–113 airborne-type troop carriers to cost $42 million. Food Machinery is working on a pilot order and is competing with Cadillac division, manager of the Government-owned Cleveland Tank Plant, for the order.

NEW INDUSTRIAL GIANT

Food Machinery is an industrial giant which last year hit a new peak gross income of nearly $343 million, 15.7 percent of which came from military production.

Incorporated in Delaware as the John Bean Manufacturing Co. in 1928, it became the Food Machinery Corp. in 1929, concentrating on garden sprayers. In 1948 it became the Food Machinery & Chemical Corp.

Today it makes everything from garden sprayers and power mowers to an entire family of military items. It shares ownership in a Texas chemical corporation with the pipeline giant, Tennessee Gas Transmission Co. Last year it entered the electronic field, acquiring half ownership in Trans-Sil Corp., of New Jersey. It employs 15,317.

DEFENSE ORDERS UP

"Orders from the U.S. Government and defense contractors totaled $62,400,000, a 51 percent increase from last year's defense backlog," the company report stated.

VANIK is awaiting reports from the House Armed Services Subcommittee for investigations on his request that bidding procedures be investigated on the $42 million contract that seems destined to bypass Cleveland.

[From the Cleveland Press, June 8, 1960]

RIGGING QUIZ DELAYS CONTRACT—HOUSE EYES TANK PLANT SHUTOUT

(By Robert Crater)

WASHINGTON.—Award of a $42 million troop carrier contract—scheduled for last month—has been delayed indefinitely due to the controversy over bidding "rigged" against Cleveland Tank Plant.

"No new date has been set," an Army spokesman said at the Pentagon.

Pressed further about the handling of bidding, Col. William H. Gurnee said, "No comment on anything else because Congressman VANIK has made inquiries of Defense Secretary Thomas Gates."

Congressman CHARLES A. VANIK, Democrat, of Cleveland, has charged that bidding on the big contract was rigged to shut out Cleveland. Senator FRANK J. LAUSCHE, Democrat of Ohio, also has asked Secretary Gates to investigate.

Award of the contract to Cleveland—as recommended in a Government-financed survey, would mean 3,000 jobs in Cleveland.

Meanwhile, there were these new developments:

A congressional subcommittee is investigating the bidding on the disputed contract for M–113 Army airborne-type troop carriers.

A former Clevelander, E. Perkins McGuire, now assistant to Gates, was pinpointed as the one who rejected an Army proposal to make Cleveland and Lima the manufacturing center for M–113 and related military vehicles.

The probe is being conducted by the House Armed Services Subcommittee for Investigations. Headed by Congressman F. EDWARD HÉBERT, Democrat, of Louisiana, it has a history of looking into military purchases, waste, and special influence.

This subcommittee, it was learned, will ask the Army why bidding was set up to favor Food Machinery & Chemical Corp., of San Jose, Calif., and hamper use of Cleveland Tank Plant.

IGNORED SURVEY

VANIK charges bidding procedures have erected impossible "road blocks" against awarding the big contract to Cadillac Division of General Motors, managers of the Government-owned Cleveland plant.

Earlier, VANIK said "someone in the upper reaches" of the Defense Department had set up "these impossible roadblocks," despite recommendations by Army Secretary Wilber Brucker and a $338,000 survey by Ford Motor Co. engineers that the Cleveland plant should make M–113 and related vehicles.

The rejection of Cleveland, it was learned today, was made by McGuire, Gates' assistant secretary in charge of supply and logistics.

Efforts to reach McGuire failed but his aid, Robert Holt, said McGuire's decision did not dictate where the troop carriers would be made.

BASED ON POLICY

"McGuire," Holt said, "made a planning, or policy, decision based on policy set up by the Secretary of Defense and the Joint Chiefs of Staff.

"His decision rejected the Army proposal because it wasn't in line with overall logistics for the military."

Holt said the Army proposed to make more of the troop carriers than appeared justified under this top-level military policy.

Asked why bidding procedures appeared stacked against use of the Cleveland plant, Holt said, "That's a question for the Army. It's outside the area of the Department of Defense."

[From the Cleveland Press, June 9, 1960]

FULL PROBE IS SEEN IN BID RIGGING

(By Robert Crater)

WASHINGTON.—Rigging of bidding on the $42 million Army contract involving Cleveland Tank Plant today appeared headed for a full-blown congressional investigation.

"We have made a preliminary investigation and we believe we have a case," said Chairman F. EDWARD HÉBERT, Democrat, of Louisiana, of the House Armed Services Subcommittee.

"We have asked (the Pentagon) further questions. As soon as we get the answers we'll talk to them across the table."

HÉBERT's probe began after Congressman CHARLES VANIK, Democrat, of Cleveland, told the House last week that bidding on the military contract was rigged against Cleveland Tank Plant. Favored, he declared, was Food Machinery & Chemical Corp. of San Jose, Calif.

Senator FRANK J. LAUSCHE, meanwhile, continued his search for facts in the tank plant controversy.

He recalled that he and Senator STEPHEN M. YOUNG and the four Cleveland Congressmen—FRANCES P. BOLTON, WILLIAM E. MINSHALL, MICHAEL J. FEIGHAN, and VANIK—had

discussed the plant's plight last year with then Defense Secretary Neil McElroy.

IDEAL FOR M–113

The Senator said McElroy told them the plant was ideal for manufacture of armored vehicles (similar to the M–113 airborne troop carriers called for in the current bidding by the Army).

"It appears that the time has arrived for it to be used for that purpose," LAUSCHE said today. "The Ford Motor Co. survey, which cost the Army $338,000, recommended it be used for this purpose, and so did Army Secretary Wilber Brucker.

"Sitting relatively idle, as the plant is now, it is costing taxpayers an estimated $5,000 a day, or $1,800,000 a year, demonstrating there is ineptitude and imprudence in the handling of this facility."

The Senator has asked Defense Secretary Thomas S. Gates, Jr., personally to look into the bidding on the contract. He is making other inquiries which he said he wasn't at liberty to disclose.

The vast tank plant is on standby basis, meaning it is retained by the Government for use in case of a national emergency. If the $42 million contract were awarded to the plant, the 300 standby employees would be expanded to 3,000, and additional military orders would follow.

If it doesn't get the contract the plant's future is dim.

HÉBERT's subcommittee staff is asking the military whether, as VANIK charged, the bidding is rigged against Cleveland.

When the writer asked questions about the bidding this week an Army spokesman said there was "no comment" because LAUSCHE and VANIK had asked gates to look into the matter.

The spokesman, Col. William H. Gurnee, also said there was no new deadline for awarding the big contract, which indicates an indefinite delay as a result of the controversy.

[From the Cleveland Plain Dealer, June 11, 1960]

DEFENSE DEPARTMENT DENIES RIGGED BIDS CHARGE

(By Edward Kernan)

WASHINGTON.—Defense leaders yesterday told Representative CHARLES A. VANIK, Democrat, of Cleveland, that his recent charges of rigged contract procedures by the Defense Department were unfounded.

Writing for Defense Secretary Thomas S. Gates, Jr., James H. Douglas, Deputy Secretary, told VANIK that procurement methods used by the Pentagon were in accord with established policy.

Douglas also sent VANIK an extensive fact sheet answering, item by item, charges made by the Congressman in letters to the Department and in speeches in the House.

VANIK said that over the weekend he expected to "compose a complete valuation" of the statement. He said he would discuss the matter Monday in the House.

DODGES ISSUES

Initial reading of the Douglas letter, however, prompted the Congressman to comment:

"It constitutes a substantial admission of most of the facts I have produced and dodges most of the vital issues I have raised."

VANIK has been vigorously attacking the ground rules set up by the Defense Department on bids for $42 million worth of M–113 armored troop carriers.

He charged manipulation, special interest, and favoritism designed to keep the work from being done at the Cleveland Tank Plant.

Awarding the contract to Cleveland, he argues, would mean employment for some 3,000.

CITES FORD SURVEY

The Clevelander has also pointed out that a $338,000 Ford Motor Co. survey named the Cleveland plant as the logical facility for making Army light armored personnel and weapons carriers.

Douglas answered this by stating:

"The Ford Motor Co. was employed to survey selected Government-owned plants that had been predetermined by the Department of the Army as part of a concept for the establishment of a production base for combat vehicles.

"It was not intended and did not take into consideration the capabilities of private industry to produce the equipment.

PLAN NOT APPROVED

"The Army's plan for the realinement of the mobilization base for production of combat and tactical vehicles in the Government-owned plants in Detroit, Lima, and Cleveland, which we were informed took into consideration the Ford Motor Co. study, was not approved by the Office of the Secretary of Defense since requirements were not in accordance with the Secretary of Defense and Joint Chiefs of Staff planning guidance."

It was also pointed out that the Ford study did not determine that production of M–113's should take place in the Cleveland Ordnance Plant.

As for VANIK's charge that Pentagon contract bidding procedures were rigged to favor the Food Machinery & Chemical Corp. of San Jose, Calif., the Douglas letter noted.

"For your information, the Food Machinery & Chemical Corp. is the developer of the M–113 vehicle and is currently the only producer."

STUDY BEING MADE

Douglas also told the Cleveland Democrat that when the current evaluation of proposals is completed it will be possible to determine whether it is more economical to produce the M–113 vehicle in a private plant or in the Government-owned Cleveland plant.

Douglas sought to assure VANIK that "it has always been the policy" of the Defense Department to assure, wherever possible, that there is competition in all items being procured.

PERSONAL ANNOUNCEMENT

Mr. GUBSER. Mr. Speaker, I would like to announce to the House for the benefit of the gentleman from Ohio [Mr. VANIK] that I will in a few minutes address the House under special order on the same situation the gentleman from Ohio discussed.

FORTHRIGHT, NIXON DISPLAYS FINEST STATESMANSHIP

Mr. HIESTAND. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HIESTAND. Mr. Speaker, adversity often shows up a man's true colors. The recent attacks on the Vice President offer an outstanding example. These politically inspired, self-serving criticisms launched against the Vice President have served to increase his stature immeasurably—providing the world a splendid view of DICK NIXON's forthright frankness, as well as his devotion to principle.

After careful study, I think I have been able to see through the political smokescreen. I have arrived at, what seems to me, a startling discovery. With the interest of America foremost in his mind, DICK NIXON recognizes that even the smallest of our domestic differences is now seized upon gleefully by the Reds as propaganda fuel to incite and agitate anti-American mobs in China, Japan, Cuba, and elsewhere in the world. Our Vice President has refused to endanger the life of our President by engaging in pointless, vituperative political debate.

I believe the people will realize that they are witnessing the sterling quality of greatness of RICHARD NIXON. That quality has been evident through 6 years in the Congress, 7 years as Vice President of the United States—and most crystal clear when recently he was subjected to a most grueling television interview which lasted 3½ hours. This third-degree, loaded-question ordeal verified beyond any possible doubt that DICK NIXON is forthright in his stand on today's issues, and forthright in his actions in the best interest of our Nation.

The Vice President has proved again his ability to rise to any challenge—however difficult or formidable it may be.

OUR NATIONAL DEFENSE—A RE-EXAMINATION NECESSARY

The SPEAKER pro tempore (Mrs. SULLIVAN). Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, and my distinguished colleagues here in the House of Representatives, since the failure of the summit conference, I know all of you, just as I am, are extremely concerned about the future security of our great country. We believe in peace, we believe in freedom, we believe in justice. Prior to the scheduled meeting at the summit of chiefs of state of the great powers, all of us had hopes, very great hopes that some agreements would be made that represented definite steps forward in the assurance of making more real and definite these noble qualities so necessary to the future of mankind throughout the world.

THE DEFENSE CRISES

In view of the U–2 incident, the failure of the summit conference, and the threat of Chairman Khrushchev of Communist Russia to destroy nations upon whose sovereign soil America possesses fixed airbases, I know the Members of the whole Congress are vitally concerned about the possibility of the cold war suddenly and tragically becoming a hot war. We are concerned about our security, we are concerned about the future of civilization, we are concerned about our freedom. We are concerned about the elements of our national defense upon which we must depend.

DENIAL OF USE OF FIXED AMERICAN AIRBASES LOCATED IN FOREIGN COUNTRIES

Like all of you, I was shocked and deeply disturbed about this Russian threat to our fixed American airbases

abroad. We know that any attack on any of these bases is an attack against the United States of America. Such an attack would have to be met head on by the full military might of our great Nation. Now this is serious business, it is business which commands our sober and concentrated thinking.

These fixed American airbases which we have constructed and established upon the sovereign territories of nations which are presently our allies, can be suddenly and completely denied to the air striking power of our country. This denial of the use of these airbases could greatly injure the ability of our Nation to meet a devastating attack with a devastating blow upon the enemy.

The Communist Russian threat to destroy these fixed American airbases located on foreign soil is deeply felt by the countries most seriously concerned. The Russian threat to destroy fixed American airbases is seriously a part of the breakdown of Government in Turkey. As a result of this threat and a desire for change, the established Government of Turkey was overthrown by a military coup d'etat. Because of this Russian threat to fixed American airbases in Japan there has been growing opposition on the part of millions in Japan to overthrow the present government of Prime Minister Kishi. These millions want no part of a treaty setting up certain American defense rights. "Down with the pact," they shout. "Americans go home," they exclaim. In France there is widespread opposition to fixed American airbases. In Great Britain there is no desire on the part of the British people to be backed into a war with communistic Russia because of the location of fixed American airbases on British soil. In other words, the fear of sudden catastrophe appears to be facing all of these nations upon whose soil America has constructed fixed airbases. The people of these countries do not want war and they do not want to face up to the situation which would develop as a result of a Russian attack upon any of these fixed American airbases. Certainly, in view of this increasing opposition to the use of these fixed American airbases, the United States of America can no longer depend upon them.

These fixed American airbases of the United States located upon the sovereign soil of allied nations do not belong to the United States. The United States has a permissive use only. These bases do not constitute sovereign territory of America over which our Government has sovereign jurisdiction. We have expended billions of dollars in the construction, development, and establishment of these fixed bases. As a result, we have become dependent upon these fixed American airbases, and our Nation's right and ability to use them. From a military viewpoint, and from the viewpoint of the security of our Nation, we have placed too much confidence and too much dependence upon these fixed bases abroad. Now we face the serious defense situation of having these highly expensive fixed bases completely denied to our country just at a time when they might be needed.

With the breakdown of the summit conference and with the breakdown of our efforts to establish peace throughout the world, we are suddenly faced with a grave situation. Suddenly we awaken to the realization we may not be able to depend at all upon these fixed airbases abroad. Certainly this means, or should mean, a drastic revision of our military strategy. It means that we must develop air defense and striking power upon which this Nation can completely depend. It means we must develop a weapons system over which this Nation has complete sovereignty. It means that we must have a defense and a striking power regarding which no other nation in the world has any authority.

THE COMPELLING NECESSITY FOR GIANT MOBILE AIR BASES AT SEA

Fortunately our great country possesses the ability to develop this striking power. This Nation possesses the ability to construct and develop mobile air bases at sea over which our Government has complete sovereignty and complete control. These giant mobile air bases at sea must be constructed in the form of great ships which are not only aircraft carriers but constitute within themselves complete weapons systems. At the present time, the U.S. Navy has in operation several large aircraft carriers. These ships, however, are insufficient in number and flexibility to meet the tremendous challenge confronting our Nation today. Never before in the history of this country has there been such a necessity for the construction and development of these giant flexible mobile air bases at sea, not only able to completely handle high-speed aircraft but also any kind of a weapons system which might be handled on land.

The possible denial of use of fixed American air bases established in foreign countries has made it imperative that our country turn to the sea and these giant mobile air bases that can speedily move anywhere over the great oceans. More attention, more research, more study, more scientific development, and much, much more effort must be concentrated into the construction of these giant mobile air bases at sea, incorporating all necessary weapons systems, as well as a base for the operation of all types of aircraft. With the present scientific breakthroughs now known, and with the knowledge and the know-how possessed by our country at this time, certainly these giant mobile air bases at sea can be made highly maneuverable, highly flexible, and highly efficient. They can be developed into the most devastating striking force ever known in military history.

DEPENDABLE NATIONAL SECURITY IS POSSIBLE

Seven-tenths of the entire earth surface is covered by the great oceans of the world. With these giant mobile air bases at sea in sufficient numbers, and with their high speed and maneuverability moving over the oceans, our great Nation is secure. It is secure because America can strike from these mobile sea bases any land target anywhere in the world, regardless of its location. Over these giant mobile air bases at sea, America will have complete sovereignty. America can depend on them, regardless of any threat from Mr. Khrushchev, or any enemy nation.

From these giant mobile air bases at sea will come the most flexible and most devastating striking power ever assembled which will be able to destroy any nation on the face of this earth. Here is our security, here is the security upon which we can depend. Here is the security this Nation must develop in all of its greatness and flexibility as quickly as possible. Representing the complete weapons systems that are possible, these giant mobile air bases at sea will not only constitute mobile bases at sea for high-speed devastating aircraft, but they also will constitute great mobile bases from which can be launched the most devastating of rockets, missiles, and other weapons. Certainly, these giant mobile air bases at sea constitute a far greater threat to any enemy than does any fixed American air base located on foreign soil. No areas, no cities, no targets, within Communist Russia and Communist China, or anywhere in the world, are beyond the devastating striking power of these giant mobile air bases at sea, incorporating high-speed aircraft and weapons systems.

In view of the seriousness of the situation our Nation faces at this hour, I say to you in all seriousness, it is beyond my comprehension how any Member of Congress could fail to approve a program of construction of these giant mobile airbases at sea. It is beyond my comprehension how any Member of Congress could refuse to approve the appropriation for the construction of the great aircraft carrier currently under consideration. I say to you again, and again, that in the development of these giant mobile bases at sea rest the security of this Nation and the future of mankind and civilization. I urge you, I plead with you, and I pray with you that you as Members of Congress, as the people's representatives in the Government of our great Nation will give your thoughts and your energy to the approval of and the support of a revised and increased program of development of these giant mobile air bases at sea. Upon our decision here rests the future of mankind, the future of freedom, the peace of the world.

THE TIME IS NOW

In the past, after war has been thrust upon us, we have had time to develop our military forces and our military strategy. All of us know that when war comes again, and I pray that it never will, we will have no time, none at all, for any kind of development of our defenses and of our striking power. The time which we have had after war has come in the past, is the time we have now. Our time, this precious time, we must have in case of war is the time we have right now. I repeat, our time is the time we have now. Is there any Member of this Congress who fails to recognize this fact? Is there any Member of this Congress who can face the American people, who can face up to this country, and fail to do that which is necessary to make this Nation of ours

secure and safe? I know every Member of this Congress is a great American and will initiate any action necessary to preserve freedom and insure the continued security of our precious country.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report on the bill S. 1898, to amend the Communications Act of 1934 with respect to the procedure in obtaining a license and for hearings under such act.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

THE DEVELOPMENT LOAN FUND—SECOND ANNUAL REPORT TO THE CONGRESSIONAL BOARD OF DIRECTORS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Maine [Mr. COFFIN] is recognized for 40 minutes.

Mr. COFFIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include related material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. COFFIN. Mr. Speaker, as we enter this year's debate on appropriations for the mutual security program, I want to make an informal report, as I did a year ago—April 30, 1959, CONGRESSIONAL RECORD, volume 105, part 6, pages 7249–7250—on the operations and structure of the Development Loan Fund.

My interest has focused on this part of the mutual security program because it is our own creation, not quite 3 years old; because there is a need for us to see its operations in perspective in order to give it the sustained support which it deserves; and because its strategic importance in this post U–2 era is greater than ever.

DLF—INSTRUMENT OF NATIONAL POLICY

DLF is as necessary an instrument of national policy as is an effective intelligence program. To abandon one would be as shortsighted a folly as to abandon the other. If we can but keep a steady helm and aid in the development of DLF as an ever more effective instrument of national policy in the broadest sense, history will one day record the high benefit-cost ratio of DLF. We are talking about that part of our defense and mutual security programs which accounts for 1½ cents of each security dollar.

DLF—THE UNCOPIABLE OFFENSIVE

The DLF is an institution which embodies a vital part of free enterprise—the hard planning of projects, the shrewd assessment of costs, and the farsighted calculation of development, done in the spirit of the entrepreneur who must use limited capital wisely. This, the banker's analytical approach, is uncopiable by the Soviet. The merit of this approach is that it teaches without preaching. It aids without incurring the acid reaction of charity. Its "strings" are the acceptable management-oriented controls incident to any loan, not the resented and self-defeating commitments of ideology and politics.

THE SOVIET BLOC OFFENSIVE

Although DLF is uncopiable, there is no reason for smugness in the field of international economic diplomacy. Countering our free world effort is a Soviet bloc offensive that is substantially uncopiable by free nations. I refer to the ease, promptness, and flexibility which can characterize decisions as to credit, grants, and trade agreements on the part of a totalitarian nation.

This offensive has a further advantage in that it can pick away at potentially vulnerable spots around its own rim or far away where a Soviet bloc economic program can serve as a catalyst for Communist expansion.

Between 1954 and 1959, Soviet bloc aid has, in accordance with these objectives, been carefully aimed at 19 countries, 10 of them being on the Sino-Soviet rim, and 9 of them being spotted in every major area of the world—the Middle East, south Asia, Latin America, Africa, and even the North Atlantic. Of greater importance than the total amount of credits and grants committed in the last half decade is that over 60 percent was committed in the past 2 years, a massive stepup in this kind of offensive. I am inserting at this point a table prepared by the executive branch which summarizes bloc aid during the period to which I have just referred.

Sino-Soviet bloc credits and grants extended to less-developed countries of the free world Jan. 1, 1954, to Dec. 31, 1958 [1]

[Million U.S. dollars]

Area and country	Total [2]	Economic	Military
Total	3,234	2,454	780
Middle East and Africa	[3] 1,704	[3] 1,088	617
Afghanistan	252	213	38
Ethiopia	112	112	0
Guinea	42	41	1
Iran	6	6	0
Iraq	257	138	120
Turkey	17	17	0
United Arab Republic:			
Egypt	653	338	315
Syria	304	177	128
Yemen	60	43	17
South and southeast Asia	1,308	1,145	163
Burma	12	12	0
Cambodia	34	34	0
Ceylon	58	58	0
India	773	773	0
Indonesia	411	248	163
Nepal	20	20	0
Europe	116	116	0
Iceland	5	5	0
Yugoslavia	111	111	0
Latin America	106	106	0
Argentina	104	104	0
Brazil	2	2	0

[1] Because of rounding figures may not add to totals.

[2] Total aid by years is as follows: 1954, $11,000,000; 1955, $349,000,000; 1956, $671,000,000; 1957, $280,000,000; 1958, $1,003,000,000; 1959, $921,000,000.

[3] Includes emergency food grant of some $3,000,000 to Pakistan.

My reason for citing this Sino-Soviet economic activity is to help place DLF in its proper perspective. It is not a marginal, tentative, dispensable agency to be treated as catnip by the congressional cat. It is, as I have said, as vital in the long run as an intelligence agency. And just because we know more about it we should investigate with awareness of its role and criticize only for the purpose of making it more effective.

EVENTS AND CHANGES IN PAST YEAR

A year ago, I tried to describe as factually as possible what the organization of the DLF is, how it operates, the kinds of projects it has backed, and what its record had been. Today, I should like to bring that report up to date. Much that was stated last year remains true of the DLF. I will, therefore, confine my remarks largely to the events and changes of the past year. I shall report on certain organizational, personnel, procedural, and policy changes, on the lending and financial record and on two matters which, I believe, are of some importance. Much greater detail is available in the pamphlets and statements issued by the Development Loan Fund. Its so-called Red Book, which is this year's presentation to the Congress on fiscal year 1961 appropriations, is the only volume in the mutual security series which is entirely unclassified and available to Members of this body on request.

1. STAFF AND STRUCTURE

(a) Overhead: I began my report last year with what I thought was an impressive fact: The modest overhead of the DLF operation. Administrative expenses are still less than one-third of 1 percent of total lending activity. This percentage is substantially less than that for either the Export-Import Bank, the World Bank or the International Finance Corporation.

(b) Staff: The present staff at the DLF totalled 101 people as of March 31, compared to the 65 I reported a year ago. This increase I predicted a year ago, because DLF has "reached the stage where it faces for the first time the task of administering, followup, and checking on the work being done and on repayments." In other words, we are mounting this vital part of our economic offensive with less than four-tenths of 1 percent of our total personnel involved with oversea assistance activity.

The professional staff, which numbers 50, or just one-half of the total, remains young and yet possessed of a wide variety of experience. Twenty-six have been either employed in private industry or self employed; 18 have had prior oversea experience, either with the U.S. Government or with private industry; and 14 have been employed in banking.

By the end of the next fiscal year the Fund expects that it will need to expand its staff to about 180 people. Actually, this increase is somewhat illusory since it includes 28 people who will perform auditing and accounting functions formerly carried out by the ICA. The real net increase of about 50 people is required not only to handle the higher level of new lending which is required, but also to supervise the management of over

150 separate loans totaling about $1.4 billion which will be in force at the beginning of the year. Even with a staff of 180 the Fund will remain small compared to an organization such as the World Bank, whose staff now exceeds 600.

Dempster McIntosh, the Fund's first Managing Director, is now our Ambassador to Colombia, and Vance Brand, of Urbana, Ohio, has been appointed to take his place. Mr. Brand was a businessman and banker in Urbana and served for 5 years on the Board of Directors of the Export-Import Bank of Washington.

(c) Division between two deputy directors: In addition to a general counsel and secretary-treasurer, the DLF organization is now divided under two deputy managing directors, one for loan operations and one for private enterprise. The deputy for private enterprise is responsible for increasing DLF support of the private sector in the less developed countries, for extending its support of private American investors who wish to expand overseas and for seeking private financing of applications directed to the DLF. Under the deputy for operations are the 10 loan officers, 7 engineers, and economists and accountants who are responsible for managing the lending operation.

(d) Auditing and accounting positions: Before Mr. Brand's arrival, the DLF had asked a firm of private accounting consultants to review its audit and accounting responsibilities and recommend methods to carry them out. These functions were being performed by ICA under DLF direction through a reimbursement arrangement. The consultants recommended that the DLF keep its own accounts and assume direct management of financial audits. These recommendations were accepted by the Fund. In carrying them out, it will add positions to its own staff and ICA will drop the corresponding positions from its roster. The change will probably not result in any significant difference in the cost of these functions.

2. REVIEW AND LENDING PROCEDURES

The basic elements of the Fund's procedures for receiving applications, subjecting them to an economic, technical, and financial review and negotiating and carrying out loans remain unchanged. These are the procedures which led me to conclude last year—my conclusion is the same today—that the DLF's procedures avoid the extremes of redtape while adequately providing for sound loans sensibly administered from the viewpoints of both lender and borrower.

(a) Flexibility in application: There is still flexibility in the channel of application; a proposal can be forwarded through a U.S. embassy or operations mission overseas or directly to the DLF in Washington. The DLF still maintains a refreshing distaste for application forms, on the ground that forms tend to convey the impression that filling one out is all that is required to obtain a loan. And the applications are still prepared by the borrower, rather than our missions, although the DLF encourages applicants to obtain sound economic and engineering help where necessary.

(b) Loan review process: While some lending criteria have been changed during the past year, either as the result of legislation or regulation, the actual loan review process has changed but little. Briefly, it now operates in the following way: Applications are first reviewed by the Assistant to the Managing Director against virtually the same criteria I listed last year. If the proposal does not clearly run counter to any of the lending policies of the DLF, it is referred to a loan committee consisting of a loan officer, an engineer, and a lawyer. This committee remains responsible for the loan until it is finally disposed of, either through rejection or ultimate repayment in full. If the committee decides on rejection, an appropriate letter is prepared for the approval of the Board of Directors. If approval seems advisable, the loan committee prepares a detailed paper setting for the economic, financing, and engineering of the project or program, explaining the manner in which conformity to various legislative criteria has been established and analyzing the economy of the country in which the investment will be located. This paper is considered at an informal board meeting chaired by the Managing Director and attended by deputies of the other Board members. On the basis of expressions at this meeting, the loan paper is revised and presented at a formal meeting of the Board of Directors. The time between undertaking review of an application and its presentation to the Board has ranged from under a month to a year and a half, with the average being about 5½ months.

(c) Example of analysis in depth: The duration and depth of this review process will, of course, vary from case to case. One must really examine the files at the DLF to gain an appreciation of the amount of analysis behind each loan. For example, the Managing Director recently described the review process in connection with a power project in India in these terms:

> This project involves the installation and operation of two 124–140-megawatt steam turbine generating units and the construction of related facilities including transmission lines * * * the borrower, in order to provide the information we require, had devoted an estimated 12,000 man-hours to preparing the necessary studies of the demand for power in this area and determining the feasibility and cost estimates of the proposed plant. This is a period of time comparable to four engineers working more than a year each on this one project alone. Upon receiving this application, the Development Loan Fund's engineering staff then spent 120 man-hours or approximately 15 days in India discussing this project with the borrower along with other electrical projects, and ascertaining the availability of manpower and other resources necessary for its operation. This on-the-spot examination by our engineers was then followed up with an additional 240 man-hours, or about 1 month on further analysis and report preparation in Washington. The loan officer on this project also spent about 4 days of a trip to India looking into the economic and financial aspects of this project and another month in Washington preparing a final report, incorporating his findings and those of the engineers in a report to the Board of Directors. Before this project was even examined by the Board of Directors, therefore, we and the borrower together put in the equivalent of more than 4 man-years examining this project.

(d) Pruning the backlog: During the past year the DLF conducted a special review of the backlog of loan applications on hand. Applications had been running at about $1.5 billion for more than a year. It seemed evident that given the amount of funds on hand for lending, that $1.5 billion in new loans could not be committed within the succeeding year or so. Under these circumstances, it was apparent that many applicants would not know the fate of their proposal for a year or more and that this uncertainty might end in disappointment. This seemed neither fair to the applicant nor prudent in terms of our foreign policy. The DLF therefore decided to return all applications on which action could not be taken within a year or so.

When this review was completed, 106 applications had been returned and 17 were withdrawn, totaling approximately $465 million. This brought the total of proposals rejected during the past year to slightly over $1 billion. The DLF backlog is currently running at between $700 to $800 million.

3. NEW POLICIES AFFECTING LOAN REVIEW

Two new legislative provisions have had their effect on the loan review process during the past year. These provisions are section 517 of the Mutual Security Act and section 103 of the Mutual Security Appropriations Act for fiscal year 1960. Both provisions originated in this body.

(a) Engineering plans and cost estimates: Section 517, which has been in the act for some time but to which the DLF was made subject for the first time last year, provides that no funds may be obligated unless engineering, financial and other plans to carry out a project, and a reasonably firm estimate of the U.S. assistance required, have been completed. The DLF makes a practice of complying with this provision of the law at the time the proposal is presented to the Board for approval, instead of waiting until the agreement or formal obligation is ready for signature.

Section 517 has had its effect on the timing of DLF operations. I am told that earlier this fiscal year it was necessary to hold up a number of proposals until compliance could be firmly established. Now that the necessary information has been developed and DLF and the applicants are more familiar with the new requirement, the flow of loan approvals has resumed.

(b) Cost-benefit criteria for water resource projects: Last year the House Foreign Affairs Committee added to the Mutual Security Act a provision which has the same effect as section 103 of last year's appropriation act requiring that the DLF finance only those water resource projects which meet the standards and criteria used for similar projects in the continental United States. What this provision does, in short, is to require a cost-benefit calculation for each project as per Circular A–47 of the Bureau of the Budget.

Since enactment of this provision, the DLF has approved one loan for this purpose. This was a $23 million loan to Morocco for the lower Moulouya River project. The DLF loan will help to finance the second phase of a three-phase irrigation system. When the second phase is completed with DLF funds, it is estimated that benefits will be roughly equivalent to costs, and when the third phase is finished benefits will be about 60 percent greater than costs. The relatively large increase in benefits after the last rather than the second stage is accounted for by heavy overhead cost in the early work before the entire irrigable area comes under irrigation.

The DLF was particularly rigorous in evaluating this project. It estimated benefits from agriculture and did not take into account likely benefits from flood control, domestic and industrial water supply and power potential as is permissible. Also, the interest rates used to compute costs were higher than the rate now being used for domestic projects under the Budget Bureau bulletin. A rate of 3½ percent was used by the fund, while 2½ percent is currently being used for comparable domestic projects. If DLF had taken additional benefits into account and had used the permissible lower interest rate, the cost-benefit ratio would have been even more favorable.

4. NEW POLICIES AFFECTING LOAN ADMINISTRATION

(a) New procurement policy: In addition to these legislative changes, the DLF has been operating under a new procurement policy since October 20, 1959. The DLF would place primary emphasis on financing goods and services of U.S. origin. Prior to that time, the DLF had permitted borrowers to purchase anywhere in the free world on the basis of solicitation of a reasonable number of bids from suppliers.

I am informed that it is not possible at this time to judge the effects of this new policy because it takes from 2 to 4 years for disbursements to be made on the great majority of projects.

(b) New auditing procedure: DLF procedures after a loan is concluded differ in one respect from the methods of a year ago. The DLF has recently appointed a Director of Audit, formerly an official in the General Accounting Office. He will oversee the audit of all loans and advise each loan committee on auditing problems in the course of preparing loan agreements and implementation letters.

He will follow a policy of placing primary responsibility on the borrower to follow prudent procedures. Rather than undertake responsibility for watching a borrower's every action, DLF has built into its loan agreements a system of periodic targets and reports which require the borrower to describe the status of work and financing at regular intervals. The Director of Audit also will determine the scope of the audit when one is required, the selection of the unit to actually perform the audit (this may be by the DLF staff, another Government agency, or an outside public accounting firm), review audit reports and other related functions. On site audits and end-use examinations would also be undertaken as circumstances require.

5. NEW EMPHASIS ON PRIVATE ENTERPRISE

A significant change over the past year is the increased effort which the DLF is placing on joint ventures with private investors, whether United States or foreign. The Congress, I believe, will welcome this new emphasis. When it established the DLF it stated that it is the policy of the United States "to strengthen foreign countries by encouraging the development of their economies through a competitive free enterprise system and to facilitate the creation of a climate favorable to the investment of private capital."

As I indicated a few moments ago, a new post, that of Deputy Director for Private Enterprise, has been created to promote this facet of DLF operations. An important part of the work of this office consists of familiarizing the American business community with investment potentialities in Asia, Africa, and Latin America and with the kinds of credit which the DLF can provide. Because the DLF can assume risks and accept currencies in a way that no private firm can, it can help to overcome some of the serious handicaps inherent in investment in less developed nations. By providing a critical margin of funds either through direct lending or through guaranty of credits extended by others, the DLF can help businesses who would not otherwise have done so to invest overseas.

In its effort to stimulate interest in investment in the developing countries, the DLF initiated an interesting meeting under Department of Commerce auspices a short while ago. Senior representatives of American chemical and electrical machinery firms met in Washington to learn about investment opportunities in Iran, Pakistan and India from ambassadors and economic counselors of those countries and from U.S. Government officials as well.

The efforts in this direction have brought to an advanced stage of preparation a number of possible DLF participations, in which private investors will put up, on an equity basis, funds for new plants, thereby reducing the amount of U.S. Government funds which would be needed. The Foreign Affairs Committee heard testimony about a large steel plant in a country whose development is particularly vital to the United States which falls into this category. The plant will be controlled by private investors, including both Americans and nationals of the country involved. The resources which the DLF is likely to lend make the entire project possible, because the economy of the country simply could not finance a steel mill of this size on a dollar repayable basis. But this plant should, in time, place the country involved a long way along the road to self-sufficiency.

Efforts such as these will normally result in large-scale facilities and the DLF with its limited staff cannot handle many small loans. But it recognizes the need to meet this obvious requirement in some way. Its approach is to help finance development banks or intermediate credit institutions as they are sometimes called, which are located in the less developed countries themselves. The banks in turn relend the funds borrowed from DLF in accordance with standards agreed to with DLF and periodically checked by that organization. The banks can normally make loans without prior reference to DLF if they are smaller than a stated size, generally $100,000. To date, the DLF has made 19 such loans and one guaranty, totaling $108 million. I think such attention to the small businessman abroad is commendable. It recognizes a fundamental need of any free economy.

6. THE RECORD TO DATE

As of May 27, this year, the Board of Directors of DLF had approved 138 loans and guarantees with a value of almost $1,240 million. This leaves about $160 million of its appropriated capital still available for lending. I understand that it has applications in an advanced stage of review which should use up all or virtually all of its funds by June 30. Thus, the DLF once again will find itself with a vast accumulation of screened applications on hand—now between $700 million to $800 million—and no funds available, nor any certainty as to how much will become available. As I said last year, I find it hard to imagine any banking institution, whether private or public, operating successfully under such conditions. I believe the Fund's most basic need is for long-range funding authority.

I have wondered how the DLF is able to maintain continuity in, and the caliber of, its staff when the organization's fate is so uncertain from one year to the next.

The 138 loans and guarantees approved by the Board to date cover a wide variety of productive activities in 43 countries. They include transport, manufacturing power, agricultural and numerous other kinds of activities.

I noted last year that the Fund's dollar earnings were higher than anticipated at first. Whereas dollar repayable loans were about 20 percent of last year's total, they had risen to almost 25 percent early in May. At that time 36 loans, totaling $231 million, were repayable in whole or in part with dollars. These are situations where conventional institutions are unable to provide funds even though dollar repayment is possible.

7. ADVANCE COMMITMENTS

I should like to turn now to another matter that has some attention during the past year. I refer to the occasions in which the DLF has set aside funds for a particular borrower before determining the specific projects or programs for which such funds would be used. Actually, no such earmarkings, set-asides, advance commitments or whatever they might be called have been made during the past year. The Government Operations Committee recently reported adversely on this practice and the Congress enacted an amendment to the Mutual Security Act of 1954, several weeks ago, which limits this practice.

It is my own view that advance commitments of this type can occasionally

be quite important in carrying out our foreign policy and in furthering economic development. Apparently, the Congress felt somewhat the same since the new limitation which it enacted did not go the whole way; the Executive Branch can still make such commitments under certain circumstances. And when they are made, they will undoubtedly continue to be subject to submission and approval by DLF of specific projects or programs. Regardless of how funds are initially committed DLF has, and must continue, to meet the engineering, economic and other standards imposed by the Mutual Security Act.

While there is much more which is of interest about this practice there is one aspect which might be of particular relevance to the appropriations bill which will soon come before this body. It might be argued that such set-asides or reservations as I have referred to, tie up money which could be used for other applications which might be on hand. It might be argued further that, instead of providing new appropriations for these other needs, that the reserved funds be so employed. I should like merely to cite two facts with regard to this argument: First, the DLF is requesting $700 million for new loans during fiscal year 1961; second, the DLF now has in reserve a total of $18.1 million against previous commitments and this figure is expected to fall below $10 million by June 30 as specific projects are approved. Thus the amount of reserved funds that DLF could use for next year's needs is insignificant when compared to those needs. I understand further that DLF is now reviewing applications presented against these commitments which will exceed the amounts reserved.

COMMENTS ON ALLEGATIONS IN MR. VANIK'S SPEECH OF JUNE 2, 1960

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. GUBSER] is recognized for 60 minutes.

Mr. GUBSER. Mr. Speaker, I shall address myself today to the remarks made on the floor of this House on June 2 by my colleague, the gentleman from Ohio [Mr. VANIK].

You will note that Mr. VANIK's statements of June 2 were answered on last Friday, I believe, by officials of the Department of Defense and he has today, under a special order, addressed himself to the answer which came from the Department. I shall reply to Mr. VANIK's answer to the answer, on tomorrow. I have already requested a special order for that purpose.

Mr. Speaker, I think the gentleman from Ohio [Mr. VANIK] has performed a service in raising this question and that it is worthy of considerable debate because the charges raised are most serious. They reflect upon our procurement practices within the Department of Defense and I might say also that they reflect indirectly, upon the ethics employed by a very substantial industry which has its headquarters in my district, the Food Machinery & Chemical Corp. In my answer, which I repeat is in answer to the allegations made in Mr. VANIK's speech of June 2, I shall employ a memorandum under date of June 9, 1960, by the Assistant Secretary of Defense, Mr. Perkins McGuire; and I shall also employ what I happen to know personally about the operations of Food Machinery & Chemical Corp.

I shall attempt to prove as unfounded the charge made by the gentleman from Ohio [Mr. VANIK], that the bidding for the M–113 armed personnel carriers was "rigged" to insure that Food Machinery got the contract.

In Mr. VANIK's speech of June 2 he made this statement:

> Mr. Speaker, at this very moment the Defense Department is getting ready to make an award of a $42 million contract for the production of light armored personnel and weapons carriers for the Army. This contract will cost the taxpayers of America at least $6½ million more than it should.

This statement raises some very serious questions. How is the gentleman from Ohio [Mr. VANIK] able to quote a $6½ million figure? Has he seen the bids? Does he have inside information? If he does, and I presume that he does not, who in the Pentagon has informed him of these figures? Would not the giving of such information be a violation of the law? I presume, I repeat, that he does not know the exact amount of the bids, so I presume that he must be guessing.

Another statement made by the gentleman from Ohio [Mr. VANIK] on June 2:

> "By induced manipulations" the Logistic Section of the Department of Defense completely shatters the ordinarily efficient and decent methods of procurement which have generally been characteristic of the Army.

Mr. Speaker, the facts in this entire controversy are consistent with previously established procurement policy. I refer to the Armed Services Procurement Regulations, Bureau of the Budget Bulletin 60–2, and to section 4532(a), title 10, of the United States Code.

The Armed Services Procurement Regulations prescribe methods of evaluation where private and Government facilties are in competition.

Budget Bureau Bulletin 60–2 provides in effect that fair rental of Government-owned facilities shall be added to the bid of a bidder. This has been done in the case of Food Machinery because its bids have been raised by a fair rental value of Government-owned tooling in the Food Machinery plant.

Section 4532(a), title 10, United States Code, calls for the most economical means of production.

This is the reason for competitive bidding.

All of these requirements of which I speak were matters of record before the December 17 bidders' conference referred to by the gentleman from Ohio [Mr. VANIK]. Any representative of the Department of the Army at this conference had no right to imply, if he did in fact imply, that regulation 60–2 would be ignored for this competition and that a special and different set of rules would be followed.

Certainly, responsible bidders who have done millions of dollars in defense business know of these regulations. They also know that the oral word of one or a few representatives of a military service does not have the effect of canceling written and established policies. The meeting in February to clear up the mistaken ideas given by some representative of the Army in December, was necessary unless the Department of Defense was to be in the position of violating policy and setting up new ground rules which would probably favor General Motors or more specifically the Cadillac Motor Division.

The gentleman from Ohio [Mr. VANIK] in his speech of June 2 referred to another item, and I quote:

> In 1958 the Army Ordnance Corps conducted extensive studies to determine a combat vehicle and tank production base utilizing existing Government-owned facilities and equipment. This is fully in accord with the laws enacted by Congress with specific application to Army procurement. Section 4532(a) of title X specifically says: The Secretary of the Army shall have supplies needed for the Department of the Army made in factories or arsenals owned by the United States, so far as those factories can make those supplies on an economical basis.

The gentleman from Ohio [Mr. VANIK] continued:

> In other words, Congress told the Department of the Army that its ordnance production should take place in Government plants unless a finding was made that such production was uneconomical.

The 1958 studies to which he referred do not determine as implied, that supplies should be made in Government arsenals. I quote Assistant Secretary of Defense Perkins McGuire in a letter to me dated June 10:

Regarding the survey by Ford Motor Co., he says:

> It was not intended and did not take into consideration the capabilities of private industry to produce the equipment.

In a subsequent paragraph of the same letter Mr. McGuire says:

> The Department of the Army is familiar with the contents of this letter and agrees with the statements that have been made.

Thus the Army itself has repudiated Mr. VANIK's statement.

Congress did not tell the Department of the Army that its production should take place in Government plants unless a finding was made that such production was uneconomical. Quite the reverse it true. Congress required a determination that production in Government-owned plants is economical. This is the reason for bidding, to determine which is the most economical method. But bidding requires equality of conditions. A heavyweight is not allowed to compete against a lightweight. Certainly to force one bidder to furnish his own plant while the other gets it free is not equality.

Remember, and I emphasize this, that the Food Machinery & Chemical Corp. is required by the same regulations to pay rent for the tooling that it uses and which is owned by the taxpayers. It is only fair that it should.

At this point, Mr. Speaker, I should like to present for the RECORD a bulletin

issued the employees of Food Machinery under date of June 7, 1960. The bulletin clearly shows that Food Machinery's bid has been increased to reflect reasonable charges for Government-owned machinery in its San Jose plant. Mr. Speaker, I ask unanimous consent that this bulletin be inserted in the RECORD at this point.

The SPEAKER pro tempore (Mr. COFFIN). Without objection, it is so ordered.

There was no objection.

The bulletin referred to follows:

JUNE 7, 1960.

ORDNANCE DIVISION CARRIER—SPECIAL EDITION

FACTS ABOUT THE M–113 BID

This morning an article appeared on the front page of the Mercury Herald under the headline "Favoritism in FMC Contracts Charged."

We believe the employees of FMC have a right to know the facts regarding our part in the current M–113 bidding.

The Army Ordnance Corps issued a bid request available to the public for 1,380 M–113 vehicles in February 1960. The conditions of this request were drawn up to equalize the in-production advantages of FMC with bidders not in production.

For example, special tooling previously purchased by the Government for M–113 production in which our company is now engaged was added to the current FMC bid price by the Ordnance Corps to equalize special tooling costs of new bidders.

In addition, FMC and all other bidders were charged a rental for use of Government-owned machine tools for a period of 19 months, longer than actually required for FMC use on the proposed contract.

As required by Government regulations, the Army Ordnance Corps has taken all possible precautions to assure that competitive bidders have every fair advantage in bidding against FMC.

FMC has not been notified as to how it stands in the bidding. However, you can be sure that, if we are awarded the contract, it will only be because our bid would deliver vehicles at the lowest cost to the Government and the taxpayers.

Mr. GUBSER. It is also important to state at this point that the bulletin I submit is the only official response the company has made to the charges of the gentleman from Ohio [Mr. VANIK]. I secured it in response to a telephone call placed with the company requesting the company's answer to those charges. Beyond this simple bulletin they would make no further comment. Apparently, Food Machinery is willing to secure its business through competitive bidding in accordance with previously established ground rules rather than slugging it out on the floor of the Congress. They are willing to let their manufacturing know-how and their prices speak for themselves.

Another statement was made on June 2 by the gentleman from Ohio [Mr. VANIK] which I challenge, and I quote:

This plant [referring to the Cleveland plant] was also determined as most capable to meet this productive need in the future mobilization requirements that were necessary.

Mr. Speaker, I say that statement of the gentleman from Ohio [Mr. VANIK] would have been accurate had he said that the Cleveland plant was most capable of any Government-owned facility.

All that the Ford study said was, and I quote Secretary McGuire:

This study determined that the Cleveland ordnance plant, when suitably equipped with machine tools, could meet the proposed mobilization monthly production rates for the several vehicles in the light combat vehicle family including the M–113 armored personnel carrier.

Mr. Speaker, I emphasize that the Ford study said the Cleveland Arsenal "could." Not a word is said that a private company "could not" do it more economically.

The Ford people spent 1 hour at Food Machinery & Chemical Corp. and they went to no other private firm. If they were surveying all facilities for a fee in excess of $300,000, they certainly would have spent more than 1 hour at the Food Machinery plant. The truth is they were only surveying Government installations. Mr. VANIK's interpretation of these facts, I regret, is mistaken.

Another statement was made on June 2:

Let us take a quick look at this plant (again referring to the Ceveland plant). Nowhere in America is there a comparable production facility for this business; 25 acres under one roof; $130 million worth of modern machinery—all idle.

Mr. Speaker, let us examine this Cleveland tank plant which reportedly is equipped with $130 million of facilities. This plant now in standby is a high clearance aircraft type manufacturing building built during World War II to produce bombers and not tanks. After the war, it was used to store grain. Early in the Korean conflict, the plant was assigned to the Army and converted to the production of the Walker light tank and a companion gun carrier—both of steel and not aluminum armored vehicles. The last production there was a small quantity of the M–56 light riveted unarmored gun carriers completed in 1957. I understand that the equipment for all three of these vehicles is still in storage at Cleveland. Most of this equipment is special and obsolete so far as the M–113 aluminum carrier production is concerned.

The M–113 hull is welded of 1¾-inch aluminum armored plate. Specialized cutting equipment and new types of welding machines are only a few of the facilities required to produce the M–113 which are not available at the Cleveland tank plant.

Let us take a quick look at the Food Machinery & Chemical Corp. plant at San Jose. This is a modern, heavy construction type building equipped with cranes and was built by Food Machinery in 1951 especially for the manufacture of armored tracked vehicles for the Department of Defense. This plant is completely equipped with the new specialized tools and processes required to manufacture the lightweight M–113. This new equipment has been purchased by Food Machinery with their own funds to supplement the standard Government-owned tools in the plant and to produce vehicles using the latest techniques at the lowest cost to the Government.

Since 1941 Food Machinery has designed and built more types of military standardized tracked vehicles than any other company in America. Food Machinery manufacture of tracked vehicles goes back to World War II with design, development, and production of over 11,000 landing vehicles, which proved so vital to the success of many Pacific island invasions and European operations.

Food Machinery contributed by designing and developing the first seaworthy armored amphibious vehicle capable of landing on beaches and mounting 50-millimeter and 75-millimeter weapons. Those vehicles were built in several versions: armored and unarmored personnel carriers, cargo carriers, totally enclosed operated vehicles, and ramp-type vehicles. After World War II Food Machinery continued the development of the new tracked vehicles for the service.

In 1951 Food Machinery was awarded a contract to produce the M–75 armored personnel carrier as designed by others. The list price for these nonamphibious vehicles was approximately $72,000 each. Disturbed by the high cost inherent in the M–75 design, Food Machinery proposed to the Department of the Army a new amphibious vehicle, the M–59, and estimated its cost—and listen to this—at one-half that of the M–75.

The Army accepted the concept and ordered design production to proceed. Food Machinery has since delivered over 6,000 M–59's to the Army. The last price was $29,700, and the average price has been well below the original estimate.

In 1956 after a design competition with 18 other industrial firms, including General Motors and other giants, Food Machinery was awarded a development contract by the Army for the new M–113 lightweight personnel carrier.

The Army's high regard for Food Machinery as a development agent is attested by a January 1960 article in the Army Times under the subject "Army Aims To Cut Lead Time—Good and Bad Work Cited."

The M–113 development by Food Machinery was pointed out by Lt. Gen. Arthur Trudeau, head of the Army Research and Development, as development having been completed in the short lead-time of 4 years compared with the Army's average of 6 years and 11 months, and the Russian average of 5 years and 6 months. Production of the new vehicle is now under way at San Jose at a contract price even lower than that of the M–59.

Less than half the weight of its predecessor, the M–59, the M–113 can do everything the M–59 did, better and at a lower cost; and because of research and development by a private company we now have a vehicle personnel carrier which is air-droppable. Skilled engineers, trained production workers in all the crafts, and all the know-how required for M–113 vehicle production are at work in San Jose.

I might say that it takes more than square footage with a roof over it to produce tanks; it takes the minds and the hands of men and women. Here at San Jose they are at work today at a production rate comparable to that required for the new bids. Food Machinery &

Chemical Corp., will not have the 3,000 people whom the gentleman from Ohio [Mr. VANIK] implied might be employed at Cleveland. This could be one of the differences between an experienced organization and a new project starting from scratch trying to produce in a plant designed for the production of bombers instead of tanks.

The gentleman from Ohio [Mr. VANIK] said further on June 2:

From all these hard facts pointing to the use of the Cleveland ordnance plant I am absolutely convinced that it is impossible for this to happen, because everything is rigged to send this production work elsewhere; in other words, to take it from a Government-owned plant and hand the gravy to a private plant which will charge the taxpayers at least $6½ million more for use of its plant and equipment.

Where does he get this fictitious $6½ million figure? I do not believe, in fact, I am sure, that he did not illegally obtain bid information, so he must be guessing. Now, let us analyze his guess.

If Mr. VANIK's figure of $6½ million excess cost to construct the M–113 vehicles in private industry is obtained from the sum of such bid evaluation factors as rental for the arsenal machine tools, presumably available in the arsenal, and special tooling, then a corresponding charge should be evaluated against bidders using private facilities. If you say to use a Government arsenal or machine tools should not be considered in price evaluations of one bidder, you cannot be fair in evaluating rental for machine tools against the bidder who uses his own plant and facilities in conjunction with some Government-owned facilities.

Since the actual evaluation figure charged against the various bidders are not known or should not be known to anyone outside the Army evaluation team, it is academic and a waste of time for all concerned to be making assumptions of the kind which have been made by the gentleman from Ohio [Mr. VANIK].

I do not intend to participate in this sort of speculation.

When the evaluation is complete—and it is not—and an evaluation is made in accordance with the rules laid down in the bid request under which all prospective contractors bid, I have no doubt that the Cadillac Division of General Motors, which is the caretaker of the Cleveland Arsenal now, will be awarded the M–113 contract if they are the low bidders.

In my judgment the evaluation means clearly stated in the bid request in no way discriminated against prospective bidders, including the General Motors Division proposing to use the Cleveland Arsenal.

Now, Mr. Speaker, another comment made in this speech of June 2:

Well, Mr. Speaker, on February 24, 1960, when requests for proposals were made for production of the M–113 vehicle, the Department of Defense made a turnabout. It directed that proposals for production could be made on one of two options, first, exclusive production in the bidder's plant or, second, in the Government-owned Cleveland plant.

There was not a turnabout. The provision on rental factors referred to is in accordance with ASPR regulations and the intent of Congress. In the case of the M–60 and the M–80 procurement the Department of the Army used local real estate boards to establish a fair rental for use of Government-owned plants that would reflect local conditions. Furthermore, the February meeting required nothing new in procurement procedure. This was established in writing before the bidders' conference on December 17. The two options included in the request for proposals by the Department of the Army to use Government-owned or privately owned plants was in accordance with Army policy to create competitive bidding for the procurement of these vehicles.

This coin has two sides. The Government-owned facilities which are available for use by Food Machinery will be evaluated on an exactly equivalent basis.

One other point made in Mr. VANIK's speech:

No, Mr. Speaker, there are more roadblocks in the path of ecoonmy for Government-owned production equipment in the Cleveland ordnance plant here so the producer must pay prohibitive rental based on what they cost new.

Here is the answer to that: I say that any Government-owned equipment used in the Cleveland ordnance plant to produce the M–113 or used elsewhere, by Food Machinery or any other contractor, will be affected in the evaluation in the same way, according to the same rates as prescribed in the Armed Services Procurement Regulations. That is, the requirements imposed on a bidder who would use the Cleveland Arsenal are no different than they would be for any other bidder. Certainly—and I am sure Mr. VANIK will agree—no one wants to give special privilege to the Cadillac Division of the General Motors Corp. This is apparently what is being asked for.

Another statement on June 2:

The contract proposal stated that bidders are required to add to their cost figures the cost of special tooling they will need for that production.

The gimmick here, of course, is that in the Food Machinery plant these special tools have already been made available at public expense and are in use.

No other bidder can conceivably bid against such presently rigged conditions.

What is the answer to that? The total cost of special tools acquired for or by the Goverment under any other contract for M–113 carrier production, and which will be used and which is contemplated in the contract, will be evaluated exactly as it will be evaluated in the bid of the Cadillac Division of General Motors Corp.

It is clear from this that all proposals will be affected alike. Any special tooling previously provided at Food Machinery by the Government on the contract now in effect will be included by the Department of the Army in the evaluation. Any costs attributable to the use of special tooling owned by Food Machinery or Cadillac, of course, will be included in the bid price.

Mr. Speaker, there is overwhelming evidence to refute Mr. VANIK's charges that this bidding procedure, conducted like any other, was rigged to insure that the contract goes to Food Machinery. In the first place, no bidder knows, or should know, if the law is being adhered to, whether he has been successful or not. In the second place, the bidding has been conducted in accordance with the law and the legal regulations which were in existence before the bidders conference was called on December 17, 1959. It is unfortunate that some source, presumably in the Department of the Army, caused bidders to believe that no charge would be made for the use of Government facilities. They certainly had no right to do this. And it is also unfortunate that the same source did not inform the gentleman from Ohio [Mr. VANIK] of the Army's mistake before he charged on this floor that a major contract was rigged.

The gentleman from Ohio [Mr. VANIK] owes no apology for relating misinformation or, shall I say, interpretations from misinformation. He took them in good faith as he has a right to. But the source of this information does owe an apology and if an investigation is in order, it is the purveyor of misinformation who should be called on the carpet.

You may argue that Regulation 60–2 is wrong. I think, since I have a special order for tomorrow, I shall discuss the philosophy of that regulation at that time. I will conclude this portion of my remarks by simply saying that this regulation, the Armed Services Procurement Regulations, section 4532, title 10, of the United States Code, were down in black and white before this bidders conference was ever held on December 17. The fact that someone, presumably in the Army, conveyed the impression that the law and the regulations would be ignored certainly gives no credence to the charge that a contract award was rigged.

To summarize I say this. We may be yelling before we are hurt. How do we know Food Machinery is going to get this contract? And if they do, how do we know that their bid might not still be low even without regulation 60–2? Though I have no idea of the amount per vehicle which was bid by Food Machinery I think it safe to predict that their bid will be lower than the last contract for the same vehicle even in a period of rising costs. I feel safe in this prediction because of the marvelous record of this company in developing the M–113 with good production techniques and good management and in successively over a period of years reducing its cost to the U.S. Government.

We might do well to consider whether it is sensible to jam all military production into Government-owned plants. I think it is not. In the first place, we would eliminate competition and we would eliminate competitive bidding. Once you got a private contractor established in a Government installation it would become impossible, as a practical matter, ever to get him out. In future bids his competitor would have to figure the cost of moving into the Government arsenal, transporting and establishing

his personnel, and waiting to start his operation until the former contractor had vacated the premises. This would cost so much that competition would be effectively stifled and monopoly would take its place.

And when competition goes so does productive research and development. Why should a contractor continuously attempt to improve his product when he is not even in competition? Without competition, do you think that Food Machinery would have developed a tank so light that it is air-droppable at about half the cost of its predecessor?

Would the tank have been developed in the first place? Do you think the spectacular cost reductions we have seen would be possible? Obviously they would not.

I commend the gentleman from Ohio [Mr. VANIK] for his sincere and earnest effort to secure jobs for his people in Ohio. I share his regret that his great factory is not bustling with industrial activity and providing jobs for 3,000 workers. But I suggest to the gentleman from Ohio [Mr. VANIK] that accepting a hit-or-miss activity for part of his plant with no guarantee that it will extend beyond one contract is not the soundest way of accomplishing his objective. Not only would it be a shaky and an unpredictable addition to the Cleveland economy but it would kill competition and future research and development in military procurement.

I might say in passing at this point that the section 4532(a), title X, of the United States Code which the gentleman from Ohio [Mr. VANIK] referred to states:

> The Secretary of the Army shall have supplies needed for the Department of the Army made in factories or arsenals owned by the United States, so far as those factories can make those supplies on an economical basis.

He stopped there. Had he read section (b), it is stated:

> That the Secretary may abolish any United States arsenal that he considers unnecessary.

I think that points the way to the true solution of the Cleveland problem. The most sensible thing to do with the Cleveland arsenal is to sell it. Then the Treasury will be richer, private industry will take over the arsenal, and they will start paying taxes to the city of Cleveland, and Cleveland citizens will have jobs that will last through the years instead of just the next fiscal year.

Procurement of the M–113 is not arbitrary. It is based on ground rules which have been openly promulgated. There is true competition. Within fair and proper regulations let the best bid win. If it happens to be the bid of the Food Machinery Co. in my district, I will be happy. If it happens to be Cadillac in Cleveland, I say congratulations and best wishes.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. GUBSER. I yield to the gentleman from Ohio.

Mr. VANIK. I would like first of all to point out to the gentleman from California, who represents the community in which this Food Machinery & Chemical plant is located, certainly has every reason and right to defend defense production which brings defense employment into his area. He is certainly motivated by the most honorable considerations. I am sure, however, he joins with me in contending that such production should be made at the least possible cost to the taxpayer. I am sure that the gentleman's desire for jobs and payrolls in his area is not so intense that he would urge production in his community at ridiculously high cost to the Federal Treasury.

The gentleman has read into the RECORD replies which I learned today were prepared by Mr. Perkins McGuire to the speech I made on June 2. I presume the gentleman from California has adopted them as his own, but I would counsel the gentleman to prepare his own reply and let Mr. McGuire's statement stand on its own.

Mr. GUBSER. I will have to interrupt the gentleman at that point. If the gentleman would kindly come down here to the well of the House and see the scribbling on these notes, which any handwriting expert could identify as that of CHARLIE GUBSER, I do not think he would imply that the present speaker in the well of the House did not prepare his own remarks. I used source material from Mr. McGuire's answer. I so stated at the beginning of my remarks. I contend that any speaker who does not formulate his own remarks and uses information which is given from a reputable authority is not much of a public speaker. I might say to the gentleman further that these remarks were gotten at my request, and he is privileged to see the covering letter.

Mr. VANIK. They are both now in the RECORD. May I inquire of the gentleman whether he is aware of the fact that the research and development contract for the production of the M–113, which he states was granted in 1956, was obtained at a low bid by the company which he defends today. The Food Machinery Corp. had a bid of $1,500,000, as against the next lowest bid, which was $3 million.

In my statement, which preceded the gentleman's statement, I told the House that after having obtained this bid, and after having experienced repeated delays, the Army had to pay an additional $10,600,000 to complete the job to the development of a few prototypes. This is the same job that the next lowest bidder offered to do in toto for $3 million. The gentleman is aware of that; is he not?

Mr. GUBSER. I am going to research this question and answer this tomorrow. However, I will say to the gentleman that the $10,600,000, and I hope I understood him correctly, has nothing in the world to do with the research and development contracts.

Mr. VANIK. That was a supplemental payment, as I understand it, which was made by the Army to the Food Machinery Corp. to complete its work on the M–113 development.

Mr. GUBSER. That is the production of a prototype?

Mr. VANIK. It was research and development through to the production of several prototypes. That was the contract.

Mr. GUBSER. Let us get our points straight here, so that we understand one another. Are you saying that the original research and development contract was for $1,500,000 which was augmented by $10,600,000?

Mr. VANIK. That is correct.

Mr. GUBSER. In other words, the total cost of the research and development contract was $12,100,000?

Mr. VANIK. That is correct. It was $12,100,000, as against a $3 million bid submitted by the next lowest bidder. I want to point out to the gentleman who brings up the name of another corporation, that that corporation is merely operating or holding title to the Cleveland ordnance plant as a caretaker. I am not interested in what company operates the Cleveland plant.

Mr. GUBSER. I realize that.

Mr. VANIK. Because the Army in its recommendation pointed out through the Ford survey, this is the logical place to produce the equipment, the entire tank family.

Mr. GUBSER. I must correct the gentleman. The Ford Motor Co. said that this was the most logical place in a Government-owned facility to do it. Almost no attention whatsoever was given to privately owned facilities.

Mr. VANIK. The gentleman in his remarks did bring out the fact that the Ford engineers call at the Food Machinery plant.

Mr. GUBSER. Yes, for 1 hour.

Mr. VANIK. I do not know as to that, but obviously, they must have been considering private installations. I ask the gentleman to produce tomorrow, if he can, proof that no other private plants or any private plants were considered in the Ford survey.

Mr. GUBSER. I quoted Secretary McGuire who, certainly, occupies a position of responsibility. I believe that the just interpretation of Secretary McGuire's remarks is that this was a survey conducted to determine which Government-owned facility could best meet the needs. The mere fact that no other private firm, so I have been informed, was consulted, and the principal producer of these was only consulted for an hour, about half of which was spent in the office, I presume, over coffee and the other half spent in a quick tour of the plant proves private plants were not under consideration. I go out and make a tour of that plant every year, and I walk up and down the production line. I tell you I could not write a $387,000 report on it on the basis of a quick walk up and down the aisle which is all that the Ford Motor Co. did. So you cannot say that the Cleveland Arsenal was determined by the Ford Motor Co. as the best place to produce this vehicle. This is the best Government-owned facility, but certainly not the best facility.

Mr. VANIK. Mr. Speaker, if the gentleman will yield, I would like to point out one further additional fact: in this study made by the Ford engineers, several issues are involved, the lowest cost of production, as I understand it, plus the capacity for production in the event of a mobilization. It is on this very ground, this failure to have the capacity for mobilized needs, that the San Jose

plant of the Food Machinery Corp. is completely inadequate and for which the Cleveland ordnance plant is so eminently well qualified and needed by the Army.

Mr. GUBSER. I must counter with a question. This, I am sure, is not security information. But, does the gentleman know the mobilization requirements for the M–133 vehicles on M-day?

Mr. VANIK. No, I do not.

Mr. GUBSER. I am not going into the number, but may I tell you that the Food Machinery & Chemical Corp. is capable of producing on short notice 750 M–133's per month. Without going into what the mobilization figures are, I must remind the gentleman that that is one whale of a lot of M–113's.

Mr. VANIK. Mr. Speaker, will the gentleman yield further?

Mr. GUBSER. I yield.

Mr. VANIK. The gentleman talks about the splendid production record of the Food Machinery Corp. which is in his district. The capacity to produce this hardware, and he relates his statement to a production date which starts in 1951. Quoting specifically from the gentleman's statement, he says:

> Since 1951, this corporation has built more tracked vehicles than any other company in America.

And he points out the great experience this corporation has in this production. I want to point out to the gentleman, and I hope that he can check this point before his special order tomorrow, whether or not this great, successful building of facilities in 1951 and the development of these contracts does not, curiously, coincide with the movement of a very high ranking military officer, Brig. Gen. Joseph A. Holly, from the research and development work on this very equipment for the U.S. Army to a change of association which he made with Food Machinery Corp. less than 60 days later.

And will the gentleman also tell me whether or not——

Mr. GUBSER. Let us get one question at a time. I am not going to respond to the question, but I am going to ask that it be made specific. Let us quit mincing words, let us get down to brass tacks. Are you implying or suggesting that there is the possibility that one General Holly was responsible for this contract's being, to quote your words, "rigged"?

Mr. VANIK. No; I did not make that statement.

Mr. GUBSER. What is the basis on which the gentleman asks?

Mr. VANIK. I ask: Is it not queerly coincidental that this great development of research and development at the San Jose plant of Food Machinery & Chemical on these weapons coincides with the general shift of employment by General Holly from the Federal Government to the Food Machinery Corp. at that time back in 1951?

Mr. GUBSER. I can only interpret the gentleman's question in this light, that he is curious to know whether or not these research and development contracts which he implies, and certainly without cause I would say, were given to Food Machinery at an unjust price which was not fair to the taxpayers, that this coincided with General Holly's change of employment; he must mean that General Holly or someone exerted undue influence against the Department of the Army. Specifically, is not that what you say? Is that what you mean? Do you mean that?

Mr. VANIK. The RECORD speaks for itself. I have already made my statement and it is in the RECORD. What I am saying, and what I said last Thursday when I first discussed this matter on the floor, on June 2—I pointed out that all of these evaluations on the use of the Government-owned plant at Cleveland were designed to prohibit the use of this plant by any other manufacturer who may decide to bid on the use of the Government facility. There were, incidentally, six bids, and I do not care which of these six, including the Food Machinery & Chemical Corp. of California, operates that plant. We do not care who operates the plant just so we get the production at the most economical price.

Mr. GUBSER. Is not the gentleman challenging 60–2? I do not think he contends in the light of this record that this contract was rigged.

Mr. VANIK. Absolutely.

Mr. GUBSER. If he wants to challenge the validity of the 60–2 regulations, I can understand that. Does not 60–2 provide that the bids shall be increased by a reasonable rental for the plant and equipment of a Government-owned facility?

Mr. VANIK. If the gentleman wants to discuss 60–2, I will be glad to have the gentleman prepare for that.

Mr. GUBSER. I am ready.

Mr. VANIK. This goes to the basic philosophy of Government procurement. That is whether costs should be compounded at the taxpayer expense, at a ridiculously high level, in order to precipitate and use unnecessarily a private manufacturer's facilities when Government facilities are on hand and are adequate.

Mr. GUBSER. I have the answer to that; and then I will yield to the gentleman further. You know, if you had an old churn to churn butter in your home, about the only use you could find for that now would be to put some shellac on it and place it in front of the fireplace, because you are not going to churn any butter with it; you would go to the chainstore and buy it. This happens to this equipment in the arsenal designed to build bombers. Believe me, the equipment is not adapted to build tanks, and, regardless of the rental value of a building designed to produce bombers, it has little value in building tanks and will have to be put to the same use as that old churn.

Mr. VANIK. Mr. Speaker, will the gentleman yield further?

Mr. GUBSER. I yield.

Mr. VANIK. Then may I say that what the gentleman says is contrary to the report made by the Ford Co., at a cost of $338,000 to the taxpayers, which said that the most economical place to produce these vehicles is in a Government-owned facility.

Mr. GUBSER. Once again I challenge that statement. It is the most economical of the Government-owned facilities; in other words, of all the Government facilities available, this afforded the best prospects.

Mr. VANIK. Let me point out this further, that rigging takes place in the setting up of these specifications. First of all, they say a charge shall be made for the use of the facility based on a real estate board's appraisal based on the original cost of acquisition, ignoring the matter of depreciation. They further they say that if Government equipment is used it must be in accordance with a formula set forth in the procurement regulations. If a machine that may cost $20,000 is used 1 hour, the bidder is charged for that machine for 19 months' use. That is why it is impossible under these rules to provide for any fair bid based on the use of these Government facilities.

Third. They say that if any private contractor, including Food Machinery, should decide to use the Cleveland plant and its facilities, the special tools which can be put in the back of a big van and transported across the country, will not be available to anybody using them in the Cleveland plant because Food Machinery has them. They have been paid for by the taxpayers of America, yet they will not be available for a production contract. I say to the gentleman, what kind of business is this?

Mr. GUBSER. I must counter the gentleman's point. I wish I had with me this bulletin, but I gave it to the clerks to insert in my remarks. I refer to the bulletin in which it is clearly stated that Food Machinery will pay rental under the same circumstances as the gentleman mentions for the life of the contract regardless of how long it is used. It will pay the same rental for the Government-owned machinery as anyone would pay for use of the junk which is now in the Cleveland Arsenal and which undoubtedly could not be used, or most of it could not be used.

Mr. VANIK. The gentleman is talking about $130 million worth of junk, which could produce this item and all of the products of the tank family according to the Ford survey, with nothing else but a vanload of special tools.

Mr. GUBSER. You might have $130 million worth of Robert Fulton steamboats, but they would not be worth much today.

Mr. VANIK. There are $130 million worth, and all they need is some special aluminum cutters to handle this entire production contract with Government-owned facilities.

Mr. GUBSER. I must challenge the gentleman on that. I wish he would come out there, because I am sure we would show him a good time and see the special tools that are required. This method of welding 1¾-inch aluminum is a new technique. There is not anything like that at Cleveland.

Mr. VANIK. I am sorry that I cannot accept the invitation. I understand there is a preproduction party going on there tomorrow which anticipated this contract award.

Mr. GUBSER. The gentleman is distorting the facts with unreasonable implications. There is a party going on there.

Mr. VANIK. Paid for by the taxpayers.

Mr. GUBSER. That is not true. It will take place on tomorrow to inaugurate the opening of the new production line which is the thing that Cleveland cannot offer. This is brand new.

Mr. VANIK. And which was paid for by the Government at a cost of $12.1 million when it could have been built elsewhere for $3 million, and the gentleman knows that.

Mr. GUBSER. Is the gentleman stating that the M–113 contract now carried out costs—how much?

Mr. VANIK. I am not talking about the production contract. I am talking about the contract for research and development through several prototypes. This is the contract that was granted in 1956 and which Food Machinery won for $1.5 million against the next lowest bid of $3 million; then had to be bailed out by additional Government spending in the sum of $10 million.

Mr. GUBSER. Of $10.6?

Mr. VANIK. Of $10.6 million, in order to build a production line, the great celebration of which is going to take place at a champagne party tomorrow, which I contend is being paid for by the taxpayers of America.

Mr. GUBSER. The gentleman is using catch phrases which are not based upon fact. I do not know whether they are going to serve coffee, tea, milk, or water, or whether they are going to serve anything tomorrow; but I would venture to say that if Cadillac happens to have a low enough bid and they get this contract, there might be a party thrown at Cleveland, because Cadillac is not exactly known as a poor man's organization. I have never been able to drive one of their products. I have gotten about one-third of the way up. But I do not think you can exactly say that Cadillac would be "chintzy," so far as a party it might give is concerned. I can assure the gentleman that whatever is taking place tomorrow at San Jose is not at taxpayers' expense.

Mr. VANIK. I am glad to hear that. I hope that will be the case. I hope that by the time your special order occurs tomorrow you will have for me some replies, one with respect to the $10.6 million extra sum that was paid by the Army in order to bail out Food Machinery.

Mr. GUBSER. I am looking forward to that in great anticipation.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

OUR AMERICAN GOVERNMENT—WHAT IS IT? HOW DOES IT FUNCTION?

Mr. COFFIN. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may extend his remarks at this point in the RECORD, and may include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. PATMAN. Mr. Speaker, I have asked for this privilege to make an announcement which I believe to contain important interest to many Members. I wish to inform the membership that the Government Printing Office is scheduled to reprint the popular document entitled "Our American Government." You are all familiar with this publication, I am sure, with its 175 questions and answers, which so concisely portrays a word picture of our Government and its history. I am equally certain, that notwithstanding the generosity of the resolution which provides 2,000 copies to each Representative and Senator, that all too often many more copies are needed to supply the heavy demand made by our constituents. Hence the purpose of this announcement: Anyone wishing to order extra copies may place his order with the CONGRESSIONAL RECORD Clerk located in Statuary Hall. An extremely low price has been estimated per thousand if the order is placed right away so that the additional copies may be printed on the original press run. I hope all who desire extras will take advantage of this offer. I am advised that the additional rate will only cost $25.13 per thousand, with paper cover, and $46.43 per thousand with a cardboard cover. I hope that this announcement reaches the attention of the entire Congress.

During each Congress for the past 20 or 25 years, I have prepared a booklet similar to this one in order to bring the information up to date for the current Congress at which time it was prepared.

Heretofore, it has always been stated that among the States, Texas was the largest. In this document, however, information is disclosed that Texas is not only the second largest State, but could possibly or conceivably become the third largest State.

HARDSHIPS OF BECOMING THE SECOND LARGEST STATE

Prior to the admission of Alaska to the Union, Texans had taken considerable pride in the fact that the Lone Star State was the largest in the Union. When Alaska was admitted, Texas egos were naturally taken aback, although, on consideration, Texas sons found that Texas had so many other "firsts" to take pride in, no real inferiority complex developed.

In the first days after the admission of Alaska, when Texans were adjusting themselves to the idea of being second in size, the matter was an invariable topic for comment and analysis by speakers before Texas audiences. On one occasion, Speaker SAM RAYBURN in a spirit of levity offered an audience the consoling thought that "Texas is still the largest unfrozen State in the Union"; and on another occasion, Senator LYNDON JOHNSON facetiously proclaimed to a Texas audience that "Texas continues to be the largest State south of the North Pole."

A possibility generally overlooked, however, and one fraught with even greater dangers to Texas egos, is that Alaska may someday be divided into two States of equal size. In this event, Texas would become the third largest State.

The possibility is only fanciful. Actually, Alaska cannot be divided into two States, any more than Rhode Island can be divided into two States. There is no provision in law for such a division.

TEXAS COULD HAVE 10 SENATORS

On the other hand, Texas may some day have 10 Members in the U.S. Senate instead of only 2. Texas can, in fact, subdivide itself into as many as five States. This was provided at the time of the passage of the resolution by which Texas was admitted to the Union. Texas is the only present State which was a republic prior to its admission into the Union. Consequently, its joining with the United States was, in effect, by treaty between two equals.

I do not mean to suggest that Texas is likely ever to avail itself of its privilege of subdividing into five States. On the contrary, the people of Texas are so united in spirit and united in their love of the Lone Star State, no such division is really possible.

Back in 1905 the late, beloved Senator Joe Bailey, of Texas, made some remarks in the Senate on this subject which are as true today, 55 years later, as they were then. Senator Bailey's speech was as follows:

THE STATE OF TEXAS

Mr. President, throughout this discussion we have heard many and varied comments upon the magnitude of Texas. Some Senators have expressed a friendly solicitude that we would some day avail ourselves of the privilege accorded to us by the resolution under which we were admitted to the Union and divide our State into five. Other Senators have seemed to think it a ground of just complaint that I have considered it my duty to oppose the consolidation of two Territories into one State without advocating a division of Texas. The same reasons which will satisfy our solicitous friends that their hope for a division of Texas can never be realized will also relieve me from the charge of inconsistency which has more than once been insinuated against me in the course of this debate.

If Texas had contained a population in 1845 sufficient to have justified her admission as five States, it is my opinion that she would have been so admitted then, because the all-absorbing slavery question—which, happily, no longer vexes us, but which completely dominated American politics at that time—would have led to that result. I will even go further than that, and I will say that if Texas were now five States, there would not be five men in either State who would seriously propose their consolidation into one. But, sir, Texas was not divided in the beginning; Texas is not divided now; and under the providence of God she will not be divided until the end of time. Her position is exceptional, and excites within the minds of all her citizens a just and natural pride She is now the greatest of all the States in area, and certain to become the greatest of all in population, wealth, and influence. With such a primacy assured to her, she could not be expected to surrender it even to obtain an increased representation in this body.

But, Mr. President, while from her proud eminence today she looks upon a future as bright with promise as ever beckoned a people to follow where fate and fortune lead, it is not so much the promise of that future as it is the memory of a glorious past which appeals to her against division. She could partition her fertile valleys and her broad prairies; she could apportion her thriving towns and growing cities; she could distribute her splendid population and her wonderful

resources, but she could not divide the fadeless glory of those days that are past and gone. To which of her daughters, sir, could she assign, without irreparable injustice to all the others, the priceless inheritance of Goliad, the Alamo, and San Jacinto? To which could she bequeath the name of Houston, and Austin, and Fannin, and Bowie, and Crockett? Sir, the fame of these men and their less illustrious but not less worthy comrades cannot be severed; it is the common glory of all, and their names are written upon the tables of her grateful memory so that all time shall not efface them. The story of their mighty deeds which rescued Texas from the condition of a despised and oppressed Mexican Province and made her a free and independent republic still rouses the blood of her men like the sounds of a trumpet, and we would not forfeit the right to repeat it to our children for many additional seats in this august assembly.

The world has never witnessed a sublimer courage or a more unselfish patriotism than that which illuminates almost every page in the early history of Texas. Students may know more about other battlefields, but none was ever consecrated by the blood of braver men than those who fell at Goliad. Historians may not record it as one of their decisive battles, but the victory of the Texans at San Jacinto is destined to exert a better influence upon the happiness of the human race than all the conflicts which established or subverted the petty kingdoms of the ancient world. Poets have not yet immortalized it in their most enduring verse, but the Alamo is more resplendent with heroic sacrifice than was Thermopylae itself, because while Thermopylae had her messenger of defeat, the Alamo had none.

Mr. President, if I might be permitted to borrow the apostrophe to liberty and union pronounced by a distingulshed Senator, I would say of Texas: She is one and inseparable, now and forever.

From "Studies in History, Economics, and Public Law," Columbia University, 1925. Section: Social Cleavages in Texas. Chapter: Recent Movements for Division, page 126, there is an interesting excerpt about this subject:

A characteristic example of the appeal to sentiment is found in the American in an article quoted from the Memphis News-Scimitar, in which the latter says: "Although there is enough room in the Panhandle to lose several of the smaller States of the Union, the people of Texas, so long as there is a drop of the Alamo blood in their veins, will resent to their last breath the division of Texas or the excision of a foot of, to them, hallowed territory."

From "Life and Select Literary Remains of Sam Houston of Texas," J. B. Lippincott & Co., 1884. Page 405, there is also an interesting statement about Texas dividing into four more States. It is as follows:

Remember, Texas was an independent nation, a sovereignty, when she came into this Union. She had rights equal to those possessed by this country; institutions quite as good, and a more harmonious structure of her community. Now, will there not be a liability that these four additional States may be denied to Texas? Texas insists upon this right in my person, as one of her representatives. I claim it as no boon bestowed. I ask it as no gift. The State demands it as a right, to form four additional States, if she should elect to do so.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. GUBSER (at the request of Mr. ARENDS), for 60 minutes, today.

Mr. GUBSER, for 1 hour, on tomorrow.

Mr. VANIK, for 30 minutes, tomorrow.

Mr. SCHWENGEL (at the request of Mr. CURTIN), for 30 minutes, on June 15.

Mrs. ROGERS of Massachusetts, for 30 minutes, on tomorrow.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mrs. SULLIVAN and to include extraneous matter.

Mr. MATTHEWS.

Mr. SILER.

Mrs. ST. GEORGE and to include extraneous matter.

Mr. BROOKS of Louisiana and to include extraneous matter.

Mr. MCCORMACK (at the request of Mr. ALBERT) and to include extraneous matter.

Mr. ALGER.

(At the request of Mr. CURTIN, and to include extraneous matter, the following:)

Mr. VAN ZANDT.

(At the request of Mr. COFFIN, and to include extraneous matter, the following:)

Mr. INOUYE.

Mr. ANFUSO.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1957. An act to encourage the discovery, development, and production of domestic tin; to the Committee on Interior and Insular Affairs.

S. 2759. An act to strengthen the wheat marketing quota and price support program; to the Committee on Agriculture.

S. 3545. An act to amend section 4 of the act of January 21, 1929 (48 U.S.C. 354a (c)), and for other purposes; to the Committee on Interior and Insular Affairs.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on June 10, 1960, present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H.R. 1542. An act for the relief of Biagio D'Agata;

H.R. 2645. An act for the relief of Jesus Cruz Figueros;

H.R. 5421. An act to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable status, and for other purposes;

H.R. 5880. An act for the relief of Nels Lund;

H.R. 6121. An act for the relief of Placid J. Pecoraro, Gabrielle Pecoraro, and their minor child, Joseph Pecoraro;

H.R. 6816. An act to amend 57a of the Bankruptcy Act (11 U.S.C. 93(a)) and section 152, title 18, United States Code;

H.R. 7577. An act to amend title 28, entitled "Judiciary and Judicial Procedure," of the United States Code to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment, and for other purposes;

H.R. 7681. An act to enact the provisions of Reorganization Plan No. 1 of 1959 with certain amendments;

H.R. 8024. An act to amend the act of May 9, 1876, to permit certain streets in San Francisco, Calif., within the area known as the San Francisco Palace of Fine Arts, to be used for park and other purposes;

H.R. 8713. An act to authorize the Secretary of the Navy to convey certain real estate to the Oxnard Harbor District, Port Hueneme, Calif., and for other purposes;

H.R. 8888. An act for the relief of Angela Maria;

H.R. 10572. An act to authorize and direct that the national forests be managed under the principles of multiple use and to produce a sustained yield of products and services, and for other purposes;

H.R. 10646. An act to amend the Merchant Marine Act, 1936, in order to extend the life of certain vessels under the provisions of such acts from 20 to 25 years;

H.R. 10964. An act to amend the Life Insurance Act of the District of Columbia, approved June 19, 1934, as amended;

H.R. 10996. An act to authorize the use of certified mail for the transmission or service of matter required by certain Federal laws to be transmitted or served by registered mail, and for other purposes;

H.R. 12063. An act to authorize the Commissioners of the District of Columbia to plan, construct, operate, and maintain a sanitary sewer to connect the Dulles International Airport with the District of Columbia;

H.J. Res. 638. Joint resolution relating to deportation of certain aliens; and

H.J. Res. 678. Joint resolution relating to the entry of certain aliens.

ADJOURNMENT

Mr. COFFIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 15 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 14, 1960, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2247. A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, transmitting the First Annual Report of the Office of Civil and Defense Mobilization, pursuant to Public Law 920, 81st Congress; to the Committee on Armed Services.

2248. A letter from the Administrator, Federal Aviation Agency, transmitting a draft of proposed legislation entitled "A bill to amend section 302(1) of the Federal Aviation Act of 1958 to extend the period of time for which individuals may serve as members of Advisory Committees appointed by the Administrator"; to the Committee on Interstate and Foreign Commerce.

2249. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, relative to numerous cases referred to on a certain list, involving the provisions of section 13 of the act of September 11, 1957, and requesting that they be withdrawn from those before the Con-

gress and returned to the jurisdiction of this Service; to the Committee on the Judiciary.

2250. A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation entitled "A bill to facilitate the administrative operations of the Department of Agriculture"; to the Committee on Agriculture.

2251. A letter from the Secretary of Health, Education, and Welfare, transmitting a report of a study made by the Director of the Bureau of Federal Credit Unions on the desirability of providing for federally chartered central credit unions, pursuant to Public Law 86-354; to the Committee on Banking and Currency.

2252. A letter from the Comptroller General of the United States, transmitting a report on examination of the pricing of purchase orders for aircraft fuel controls issued to Holley Carburetor Co., Warren, Mich., by Pratt & Whitney Aircraft Division of United Aircraft Corp., East Hartford, Conn., under Department of the Navy contracts; to the Committee on Government Operations.

2253. A letter from the Comptroller General of the United States, transmitting a report of the pricing of master indicators of the N-1 compass under Department of the Air Force negotiated contract AF 33(600)-28999 with Kearfott Co., Inc., Little Falls, N.J.; to the Committee on Government Operations.

2254. A letter from the Secretary of State, transmitting the annual report of tort claims paid by the Department of State during the calendar year 1959, pursuant to the Federal Tort Claims Act (28 U.S.C. 2673); to the Committee on the Judiciary.

2255. A letter from the Director, U.S. Information Agency, transmitting a draft of proposed legislation entitled "A bill to give effect to the Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific, and Cultural Character, approved at Beirut in 1948"; to the Committee on Ways and Means.

2256. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 20, 1960, submitting a report, together with accompanying papers and illustrations, on a review of reports on Laurel River, Ky., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted on June 18, 1954, December 12, 1955, and June 13, 1956, respectively (H. Doc. No. 413); to the Committee on Public Works and ordered to be printed with nine illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of June 9, 1960, the following bills were reported on June 11, 1960:

Mr. McMILLAN: Committee on the District of Columbia. S. 2954. An act to exempt from the District of Columbia income tax compensation paid to alien employees by certain international organizations; without amendment (Rept. No. 1790). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 10021. A bill providing a uniform law for the transfer of securities to and by fiduciaries in the District of Columbia; with amendment (Rept. No. 1791). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia, H.R. 12520. A bill to amend the act of August 11, 1935, so as to authorize Group Hospitalization, Inc., to enter into contracts with certain dental hospitals for the care and treatment of individuals, and for other purposes; with amendment (Rept. No. 1792). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 12597. A bill to amend the District of Columbia Motor Vehicle Parking Facility Act of 1942; without amendment (Rept. No. 1793). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 10921. A bill to amend section 35 of chapter III of the Life Insurance Act for the District of Columbia; with amendment (Rept. No. 1794). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 11931. A bill to amend the act of March 3, 1901, with respect to the time within which a caveat to a will must be filed in the District of Columbia; without amendment (Rept. No. 1795). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 12584. A bill to amend the Uniform Narcotics Drug Act for the District of Columbia; with amendment (Rept. No. 1796). Referred to the House Calendar.

[*Submitted June 13, 1960*]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. VINSON: Committee on Armed Services. H.R. 12572. A bill to amend the Armed Services Procurement Act of 1947; without amendment (Rept. No. 1797). Referred to the Committee of the Whole House on the State of the Union.

Mr. PASSMAN: Committee on Appropriations. H.R. 12619. A bill making appropriations for Mutual Security and related agencies for the fiscal year ending June 30, 1961, and for other purposes; without amendment (Rept. No. 1798). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 12580. A bill to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes; without amendment (Rept. No. 1799). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. S. 1898. An act to amend the Communications Act of 1934 with respect to the procedure in obtaining a license and for rehearings under such act; with amendment (Rept. No. 1800). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FOLEY:

H.R. 12601. A bill to amend the District of Columbia Credit Unions Act; to the Committee on the District of Columbia.

By Mr. McMILLAN:

H.R. 12602. A bill to amend section 201 of the act of September 21, 1959 (73 Stat. 610), to provide for the nutritional enrichment of rice distributed under certain programs; to the Committee on Agriculture.

By Mr. RAINS:

H.R. 12603. A bill to extend and amend laws relating to the preservation and improvement of housing and the renewal of urban communities, and for other purposes; to the Committee on Banking and Currency.

By Mr. SMITH of Iowa:

H.R. 12604. A bill to amend the "anti-kickback statute" to extend it to all negotiated contracts; to the Committee on Government Operations.

By Mr. DIXON:

H.R. 12605. A bill to amend section 104 of the Agricultural Trade Development and Assistance Act of 1954 to eliminate the ceilings on the use of foreign currencies for informational and educational activities carried on with funds provided under authority of that act; to the Committee on Agriculture.

By Mr. IRWIN:

H.R. 12606. A bill to amend section 701 of the Housing Act of 1954 (relating to urban planning grants), and title II of the Housing Amendments of 1955 (relating to public facility loans), to assist State and local governments and their public instrumentalities in improving mass transportation services in metropolitan areas; to the Committee on Banking and Currency.

By Mr. LEVERING:

H.R. 12607. A bill to provide an exemption from participation in the Federal old-age and survivors insurance program for individuals who are opposed to participation in such program on grounds of conscience or religious belief; to the Committee on Ways and Means.

By Mr. SAUND:

H.R. 12608. A bill to amend section 102 of the Agricultural Act of 1949 to extend for 1 year the options presently available to cotton farmers under that section; to the Committee on Agriculture.

By Mr. PASSMAN:

H.R. 12619. A bill making appropriations for Mutual Security and related agencies for the fiscal year ending June 30, 1961, and for other purposes.

By Mr. GEORGE:

H.J. Res. 761. Joint resolution providing for the establishment of an Annual Youth Appreciation Week; to the Committee on the Judiciary.

By Mr. STRATTON:

H.J. Res. 762. Joint resolution authorizing Federal participation in the New York World's Fair; to the Committee on Foreign Affairs.

By Mr. CEDERBERG:

H. Con. Res. 699. Concurrent resolution expressing the sense of Congress that the United States should not grant further tariff reductions in the forthcoming tariff negotiations under the provisions of the Trade Agreements Extension Act of 1958, and for other purposes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRY:

H.R. 12609. A bill for the relief of Nabih Younis; to the Committee on the Judiciary.

By Mr. CURTIN:

H.R. 12610. A bill for the relief of Moussa Cohanim and Farzaneh Cohanim; to the Committee on the Judiciary.

By Mr. DEROUNIAN:

H.R. 12611. A bill for the relief of Zu Kong Lien; to the Committee on the Judiciary.

By Mr. FALLON:

H.R. 12612. A bill for the relief of Domingo Pabustan Garcia, Jr.; to the Committee on the Judiciary.

By Mr. HALPERN:
H.R. 12613. A bill for the relief of Mrs. Myrsena Nestorides; to the Committee on the Judiciary.
H.R. 12614. A bill for the relief of Sophie E. Cescolini; to the Committee on the Judiciary.
H.R. 12615. A bill for the relief of Urszula Sikora; to the Committee on the Judiciary.
By Mrs. KELLY:
H.R. 12616. A bill for the relief of Loza Simoncic; to the Committee on the Judiciary.
By Mr. MARTIN:
H.R. 12617. A bill for the relief of Robert Finley Delaney; to the Committee on the Judiciary.

By Mr. O'HARA of Michigan:
H.R. 12618. A bill for the relief of Capt. Richard M. Hayes, U.S. Navy; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

489. By Mr. HARMON: Petition of James N. Luttrell and 23 other members of Teamsters Local Union No. 135 for redress of grievances for the denial of the right to a convention; for the right to a hearing of the denial of the right to elect their own officers; and requesting that the matter be immediately considered by the Congress; to the Committee on Education and Labor.

490. By Mr. MARSHALL: Petition of the County Board of Pine County, Minn., urging passage of S. 910 by the House of Representatives; to the Committee on Interior and Insular Affairs.

491. By the SPEAKER: Petition of Immanuel Divine, Philadelphia, Pa., relative to a redress of grievance, which requests the elimination of the usage of vulgar terms relating to the names of nationalities, races, and groups; to the Committee on House Administration.

EXTENSIONS OF REMARKS

Remarks by President Eisenhower at the Testimonial Dinner in Honor of Katharine St. George, Member of Congress, Sponsored by the Republican County Committees of the 28th Congressional District, Bear Mountain Inn

EXTENSION OF REMARKS
OF
HON. KATHARINE ST. GEORGE
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, June 13, 1960

Mrs. ST. GEORGE. Mr. Speaker, it is my privilege and honor to place the following remarks made by President Eisenhower at a testimonial dinner given for me on June 4 at Bear Mountain.

The President spoke extemporaneously and these remarks were taken down at the time by a stenographer.

The President was inspiring and the great crowd who heard him were filled with admiration and enthusiasm. For me personally it was the happiest moment of my political career.

The remarks follow:

Mrs. ST. GEORGE, Senator KEATING, and my friends, it is indeed difficult, in the circumstances in which I find myself, to discover words that seem applicable to this situation. I am here as a member of the class from West Point of 1915, my 45th anniversary. The members of my class and their wives and their widows, their children and their grandchildren, have been here in this inn, trying with me to recapture something of the atmosphere of 1915, the year we graduated.

You know at that moment, when the first European war had started, we were still cadets, and the world seemed reasonably quiet—indeed, almost leisurely in its approach to every question public or private. We had no sense of urgency or tension. The United States was a long way from this war—and we have been talking about those times, when our great preoccupation really was to find out whether the tactical officers could discover any of the offenses that we were guilty of committing. Fortunately for me, they didn't discover all of them.

Now tonight we meet at a time of bewilderment. I don't like this term, or the using of the term that we are "living always in a crisis." We are not. There is no nation in this world that dares at this moment to attack the United States, and they know it.

But we wonder what is the outcome of every decent, proper gesture we make to those that live in the other camp. They live in a closed society, secrecy of intent—which we try to penetrate, and in my opinion, properly, but we are certain of this: Our problem is not only keeping ourselves strong, and by strong I don't mean merely militarily, I mean spiritually, intellectually, scientifically, economically and militarily; and then we must make certain that all of those people who live with us, in the hope that those concepts of human dignity and freedom and liberty are going to prevail in the world, will stand always by our side in the determination that freedom and liberty will eventually triumph over tyranny.

We have stanch allies. And as a matter of fact, many of the excesses, particularly the ill-tempered expressions of Mr. Khrushchev, have really brought the West closer together than I have known it, ever since I have been occupying my present office.

Now I am talking about matters, for this moment, that are not partisan. They are bipartisan. But I want to say this: It is a tremendous satisfaction to me to know that the Republican Party believes in the kind of things that I have tried so haltingly to express to you.

My colleagues here in Government, Senator KEATING, and your guest of honor Mrs. ST. GEORGE, have in every single vote that has anything to do with these important world questions, stood exactly in the ranks, exactly like any soldier would when asked by his commander to do so.

So I want to say to you a very simple word—and I promised my classmates I would only be 5 minutes, and I think I have used 10 minutes already, but I just want to ask you to do this: Look at the records of your Republican Representatives in the Congress. Do they represent what you understand to be firm, sound, middle-of-the-road Government that refuses to make Government a centralized Government capable of governing your lives in every single item, refuses to accede to the doctrine of collectivity or centralization, or is it the kind of philosophy that says "We want to live in liberty, in freedom"?

This is the kind of thing they have been supporting, and therefore you support it not because of a word: Republican, or because of some particular or special vote. You support it because you believe in what they believe: that the Government of the United States intends to do its full duty by every one of its citizens, but it shall never—in the words of Abraham Lincoln—do those things for the individual that he can do better for himself.

Now I just have a simple request of you. If you believe in the basic principles, these Representatives of yours, congressional and senatorial, if you believe in those basic principles, then not merely do I ask you that you register and you vote—I know good Republicans will do that, I ask you to go out and work as you have never worked before.

Because I tell you, this kind of policy, internally and externally, is the thing that will keep America strong, safe and sure—for you and every single person that comes behind you.

This is what I hope to do myself, so far as it is proper and the people who will meet within a few short weeks to take over the direction of campaigns—I am ready to do my part.

And I tell you this, it will be an honor to be associated with such people as you are, as you do your part.

Thank you and goodnight.

President Eisenhower's Greetings to the National Rivers and Harbors Congress

EXTENSION OF REMARKS
OF
HON. OVERTON BROOKS
OF LOUISIANA
IN THE HOUSE OF REPRESENTATIVES
Monday, June 13, 1960

Mr. BROOKS of Louisiana. Mr. Speaker, under leave to extend my remarks I am presenting herewith the message sent by President Dwight D. Eisenhower to the National Rivers and Harbors Congress. It is addressed to me because I am chairman of the board of this organization, which has already served over half a century in the water utilization program for this Nation. I am sure that all of us are interested in the President's views on the progress of this program:

THE WHITE HOUSE,
Washington, May 24, 1960.

Hon. OVERTON BROOKS,
Member of Congress, Chairman of the Board, National Rivers and Harbors Congress, Washington, D.C.

DEAR OVERTON: Please give my greetings to those attending the 47th annual convention of the National Rivers and Harbors Congress.

When I addressed you in 1954, I said that America would soon come to look upon water as its single greatest resource. That day is fast approaching. In subsequent letters to you I have pointed out that there must be cooperation at all levels of Government and among our individual citizens if we are to advance sound programs in this field.

Good progress has been made, but we must learn to work even closer together and improve our planning—long-range and comprehensive planning. In view of the ever-increasing annual flood damages, we must